



SRI KANNAPIRAN MILLS LIMITED

CIN : U17111TZ1946PLC000188

Registered Office: Sowripalayam, Coimbatore 641 028

Phone 0422 - 2351111 : Fax 0422 – 2351110

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 74th Annual General Meeting of the Members of Sri Kannapiran Mills Limited will be held on Monday, the 16th day of November 2020 at 10.00 a.m. IST through Video Conferencing (VC) or Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the audited financial statements including Balance Sheet as at 31st March 2020, the Statement of Profit and Loss and Cash Flow Statement for the year ended as on that date together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.K G Balakrishnan (DIN: 00002174), who retires by rotation and being eligible offer himself for re-appointment.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass the following resolution as a **Ordinary Resolution**:
“RESOLVED THAT Mrs.Vanithamani (DIN:00051410) who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 161 of the Companies Act, 2013 in respect of whom the Company has received a notice under Section 160 in writing proposing her candidature for the office of Director, be and is hereby elected and appointed as a Director of the Company liable to retirement by rotation.
4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:
“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Mr M Nagarajan, Cost Accountant, appointed as Cost Auditor by the Board of Directors of the Company, as recommended by the Audit Committee to conduct the audit of the cost records of the Company for the financial year ending 31st March 2021 on a remuneration of Rs.65,000/- (Rupees Sixty Five Thousand only) plus applicable taxes and re-imburement of travelling and out of pocket expenses incurred by him for the purpose of audit be and are hereby ratified and confirmed.
5. To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**
“RESOLVED THAT pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and Rules made there under and any amendment thereto as are made from time to time and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into a contract(s)/transactions for a period of 3 years with 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/power and availing of / rendering of services like conversion of cotton / fibre into yarn, yarn into fabrics, processing of yarn and fabrics or provision of any services, the value of which all taken together may exceed ten per cent of the turnover of the Company, however, to that the value of transactions aforesaid during any financial year shall not exceed in aggregate Rs. 49 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.”

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

Coimbatore
01.10.2020

NOTES :

1. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed hereto.
2. In view of the massive outbreak of the COVID-19 pandemic, the Government of India, Ministry of Corporate Affairs allowed conducting Annual General Meeting (AGM) through video conferencing (VC) or other audio-visual means (OAVM). Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, prescribing the procedures and manner of conducting the Annual General Meeting through video conferencing (VC) or other audio-visual means (OAVM). In terms of the said Circulars, the 74th Annual general meeting (AGM) of the members will be held through video conferencing (VC) or other audio-visual means (OAVM). Hence Members can attend and participate in the AGM through VC/OAVM. Members desirous of participating in the meeting through VC/OAVM, may refer to the procedure to be adopted as mentioned in Serial No 20 below.
3. A Member, entitled to attend and vote at the meeting, is entitled to appoint one or more Proxies to attend and vote on a Poll instead of himself and such Proxy need not be a Member of the Company. Since the AGM is being held in accordance with the MCA circulars through VC, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this notice.
4. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorization etc., authorizing its representative to attend the Annual General Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to mrln54@gmail.com with copies marked to the Company at csd@kannapiran.co.in and to its Registrars and Share Transfer Agents at investor@cameoindia.com
5. In compliance with the aforesaid MCA Circulars, Notice of the 74th AGM to be held on 16th November 2020 along with Annual Report of the financial year 2019-20 are being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice of the AGM and Annual Report for the financial year 2019-20 is also available on the Company's website www.kannapiran.co.in members (Physical / Demat) who have not registered their email addresses with the company can get the same registered with the company by sending an email to csd@kannapiran.co.in and investor@cameoindia.com
6. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. The Register of Members and Share Transfer Books of the Company will remain closed from November 10, 2020 to November 16, 2020 (both days inclusive).
8. Pursuant to Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the application for transfer of shares held in physical form will not be processed except in the case of transmission / transposition with effect from 2nd October 2018. Accordingly, members who intend to transfer their shares shall get such shares dematerialised before transfer. The Company has entered

into agreements with National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) and shares of the Company are eligible for dematerialisation under **ISIN: INE567M01015**. Accordingly, the Company /the Registrar and Share Transfer Agent (RTA) namely Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai 600 002 shall not be able to entertain any request for transfer of shares in physical form.

9. a) Members are requested to notify immediately any change of address:
 - i. to their Depository Participants (“DPs”) in respect of the shares held in electronic form, and
 - ii. to the Company or its RTA, in respect to the shares held in physical form together with a proof of address viz, Aadhar/Electricity Bill/ Telephone Bill/Ration Card/Voter ID Card/ Passport etc.
- b) In case the registered mailing address is without the Postal Identification Number Code (“PIN CODE”), Members are requested to kindly inform their PIN CODE immediately to the Company / RTA/ DPs.
10. As per the provisions of Section 72 of the Act, facility for making nominations is now available to individuals holding shares in the Company.
11. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company Secretary of the Company or its RTA by quoting the Folio No or the Client ID No with DP ID No.
12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
13. Members may note that M/s. Gopalaiyer & Subramanian Chartered Accountants, the Statutory Auditors of the Company were appointed by the Shareholders at the - 71st Annual General Meeting (AGM) held on 21st September 2017 to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2022, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7th May, 2018 amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Hence, no resolution is being proposed for ratification of appointment of Statutory Auditors at this Annual General Meeting.
14. Brief resume, details of shareholding and Directors' inter-se relationship of Directors seeking election/re-election as required under Secretarial Standards 2, are provided as Annexure to this Notice.
15. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his / her queries to the Company seven working days prior to the meeting. The same will be replied by the Company suitably.
16. Soft copies the Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Registered Office of the Company. Members can inspect the same by sending a email to csd@kannapiran.co.in

17. Registration of email ID and Bank Account details:

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent (“RTA”)/Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholders has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate, the following instructions to be followed:

- a) In case of shares held in physical form, kindly provide the required details to Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai 600 002 or Sri Kannapiran Mills Limited, Sowripalayam Coimbatore 641 028 (or)
- b) In the case of Shares held in Demat mode, the shareholder may please contact the Depository Participant (“DP”) and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

18. VOTING THROUGH ELECTRONIC MEANS

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

- i. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as of the cut-off date, i.e. 9th November 2020, may refer to this Notice of the Annual General Meeting, posted on Company's website www.kannapiran.co.in for detailed procedure with regard to remote e-voting. Any person who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.
- ii. Members attending the meeting through VC shall be provided with the facility of voting through e-voting during the meeting. During this time, members who have not already cast their vote through remote e-voting may exercise their vote through the said modes at the meeting.
- iii. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM but shall not be entitled to cast their vote again.
- iv. The voting period begins on 13th November 2020 at 9.00 AM (IST) and ends on 15th November 2020 at 5.00 PM (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 9th November 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- v. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 9th November, 2020.
- vi. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote by remote e-voting shall not vote by e-voting conducted during the Annual General Meeting.
- vii. The Company has appointed Mr.M.R.L Narasimha, (CP No: 799) Company Secretary in Practice , as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- viii. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow e-voting for all those members who are present at the Annual General Meeting by electronic means but have not cast their votes by availing the remote e-voting facility.
- ix. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes casted during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

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

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on 13th November 2020 at 9.00 a.m. and ends on 15th November 2020 at 5.00 p.m.. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 9th November 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department <ul style="list-style-type: none">• Members who have not updated their PAN with the Company are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.• Shareholders by email to RTA at investor@cameoindia.com with details of Folio Number and attaching self attested copy of pan card. RTA will send login credentials for voting and attending the AGM to their registered email address.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant SRI KANNAPIRAN MILLS LIMITED on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

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

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to csd@kannapiran.co.in / investor@cameoindia.com.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.
3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

20. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE ANNUAL GENERAL MEETING (AGM) THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **3 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **3 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at csd@kannapiran.co.in These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.

21. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE ANNUAL GENERAL MEETING (AGM) ARE AS UNDER:-

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

Note for Non – Individual Shareholders and Custodians

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

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

Coimbatore
01.10.2020

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

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

Item No.3

Mrs.Vanithamani was appointed an Additional Director of the Company on 1.10.2020 by the Board of Directors of the Company. According to the provisions of Section 161 of the Companies Act, 2013, she holds office as Director only up to the date of the ensuing Annual General Meeting. As required by Section 160 of the Act, a notice has been received from member signifying his intention to propose appointment of Mrs.Vanithamani as a Director. The Board considers and recommends that it is desirable that the Company should continue to avail itself of her services.

Except Mrs.Vanithamani none of other Directors of the Company are concerned or interested in the resolution set out at Item No.3.

Item No.4

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of Mr M Nagarajan, Cost Accountant, as Cost Auditor to conduct the audit of the cost records of the company for the financial year ending 31st March 2021. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company.

Accordingly, consent of the members is sought for passing an ordinary resolution as set out in Item No. 4 of the notice for ratification of the remuneration of the Cost Auditor for the financial year 2020-21.

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

Item No.5

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 and availing/rendering of any services exceeding ten per cent of the turnover of the Company shall be entered into by the company except with the prior approval of the shareholders by an ordinary resolution.

It is proposed to continue the pre existing arrangements by afresh entering into contracts/transactions for a period of 3 years from 1.04.2020 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 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 engaged in manufacturing of denim fabric and garments and 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 26 years.

The Company and K G Denim Limited had existing contract from 26.09.2018 for a period of three 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
Mr A Velusamy.
3. Nature of relationship : Related party as per Section 2(76)(i)/(v) – Directors / Director's along with 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.49 Crores in any financial year for Purchase of Materials/Power/Capital Goods / Sale of Materials/Capital Goods and Availing/Rendering of Services like Cotton/Fibre into Yarn, Yarn into Fabric, Processing of Yarn and Other Services

Nature, material terms and particulars of arrangement:

- i) Conversion of cotton / fibre into yarn, yarn into fabrics, processing of yarn and fabrics 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 01.04.2020.

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.

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

Coimbatore
01.10.2020

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

Name	Mr.K G Balakrishnan
DIN	00002174
Date of Birth	06.03.1940
Date of appointment on the Board	07.08.1971
Inter-se relationship with other directors or Key Managerial Personnel of the Company	He is related to Dr.G Bakthavathsalam, Mr.B Sriramulu and Mr.B Srihari, Managing Directors of the Company.
Qualification	B.Com., B.L.,
Experience/ Expertise in functional areas	Mr KG Balakrishnan has been in the textile industry for nearly five decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies.
No. of shares held	1454575
Board position held	Director
Terms and conditions of appointment /re-appointment	Liable to retire by rotation
Remuneration sought to be paid	Sitting Fee Rs.5,000/- per meeting
Remuneration last drawn	Sitting Fee of Rs.20,000./-
Number of Board meetings attended	4
Directorships held in other companies	K G Denim Limited Sri Balamurugan Textile Processing Limited Trigger Apparels Limited Anandhi Power Limited K G B Securities and Investments Private Limited KGB Education Foundation Ramhari Orchids LLP
Chairmanship / Membership of the Committees of the Board of other Companies in which he is Director	Executive Chairman K G Denim Limited

Name	Mrs. Vanithamani
DIN	00051410
Date of Birth	01.10.1965
Date of appointment on the Board	01.10.2020
Inter-se relationship with other directors or Key Managerial Personnel of the Company	N.A.
Qualification	B.A., M.B.A
Experience/ Expertise in functional areas	25 years experience in Yarn Sales and Marketing.
No. of shares held	350
Board position held	Director
Terms and conditions of appointment /re-appointment	Liabile to retire by rotation
Remuneration sought to be paid	Sitting Fee
Remuneration last drawn	Annual CTC Rs.10,05,000/-
Number of Board meetings attended	N.A
Directorships held in other companies	Crocodile India Private Limited Sri Balamurugan Textile Processing Limited
Chairmanship / Membership of the Committees of the Board of other Companies in which he is Director	N.A

Coimbatore
01.10.2020

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

SRI KANNAPIRAN MILLS LIMITED



Annual Report
for the year ended March 31, 2020



Sri Kannapiran Mills Limited

Registered Office

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

Factories

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

Registrar and Share Transfer Agent

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

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Board of Directors

KG BALAKRISHNAN (DIN : 00002174)
Chairman
G BAKTHAVATHSALAM (DIN : 00007132)
B SRIRAMULU (DIN : 00002560)
B SRIHARI (DIN : 00002556)
Managing Directors
A VELUSAMY (DIN : 00002204)
Whole Time Director
K N V RAMANI (DIN : 00007931)
V ARUNACHALAM (DIN : 00051327)
K B NAGENDRA MURTHY (DIN : 00359864)
VANITHAMANI (DIN : 00051410)

Vice President & Chief Financial Officer

G. KRISHNAKUMAR

Vice President & Company Secretary

K. JAYARAJ

Auditors

M/s GOPALAIYER & SUBRAMANIAN

Chartered Accountants
Coimbatore

Cost Auditor

M NAGARAJAN

Cost Accountant
Coimbatore

Secretarial Auditor

M.R.L.NARASIMHA

Practising Company Secretary
Coimbatore

Bankers

INDIAN BANK, Coimbatore
CENTRAL BANK OF INDIA, Coimbatore
THE SOUTH INDIAN BANK LIMITED, Coimbatore
STATE BANK OF INDIA, Coimbatore
PUNJAB NATIONAL BANK, Coimbatore
CANARA BANK, Coimbatore
INDIAN OVERSEAS BANK, Coimbatore

Sri Kannapiran Mills Limited

DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in submitting their 74th Annual Report and audited financial statements of your Company for the year ended March 31, 2020.

Summary of Financial Results

(₹ in Lakhs)

	Year ended March 31,	
	2020	2019
Income	30546.23	30930.98
Gross Profit before financial Charges, depreciation and taxes	2680.29	3298.88
Less: Financial Charges	1816.49	3298.88
Depreciation	781.75	849.75
Profit Before Tax	82.04	766.02
Less: Current Tax (MAT)	-10.30	-110.46
MAT Credit Entitlement	10.30	110.46
Deferred Tax Liability	114.67	39.53
Income Tax for prior Years	13.68	74.73
Profit (Loss) After Tax	(46.30)	651.76

State of Company Affairs

Spinning Business

Yarn production for the year was 180 lakhs kgs compared to 192 lakhs kgs of previous year. Though cotton prices were favorable during the year lower yarn demand affected net margins. Product mix was changed in line with changing market trends which resulted in volume change. Spinning achieved higher productivity due to continuous modernization and use of 100% firm and continuous private power at prices lower than TANGEDCO prices.



Denim Business

Denim Business continued to be weak due to excess capacity, continued impact of demonetization and GST framework besides escalation of trade tensions between US and China, uncertainty over Brexit and heightened geo political risks resulting in slow down in both global and domestic economic growth rate The year end witnessed the novel Caronavirus (Covid 19) broke out which rapidly exploded in to a pandemic darkening global economic prospects and imparting extreme uncertainty.

Company partnered in "The Jeans Redesign Project" which is an initiative of "The Ellen MacArthur Foundation" to make "Jeans more Sustainable". This concept launched in 2018 aims to provide a framework for fashion industry to design clothing made from safe and renewable materials and all clothing items are used again and again.. As "Green Denim" of KG Fabriks easily fits in to this Guideline, Company hopes to see redesigned jeans emerging from the Leading Brands using its redesigned denim fabric.

In the wake of Covid 19 lockdowns and social distancing requirements, Company moved over to Digital Platform for marketing its products and contacting customers through Zoom Networking or Blue Jeans or Google Meet. Company obtained 2 additional Trade Marks viz., "KG Fabriks" and "Grow Forest" during the year apart from existing 3 brands viz., Product Zero, Green Dnm and Dnm Zero.

KG Sri Kannapiran Mills Limited

KG Fabriks	Grow Forest
	

Company is in the process of transferring licenses, approvals, and consents of the erstwhile KG Fabriks Limited to Sri Kannapiran Mills Limited. While some have been completed others are under way and got delayed due to successive lockdown arising out of Carona 19. Company is also in the process of executing Modified Lease Deed with SIPCOT post merger.

Company could sell due to varied products viz., compact yarn, slub yarn, gassed mercerized yarn, polyester yarn, denim yarn and glove yarn and wider range of fabrics. . Yarn and Fabric exports for the year were Rs.44 crores constituting 15% of total sales.

COVID-19 IMPACT

In compliance with Government Lock-down Directions operations were suspended from 24-03-2020 till 3.5.2020 impacting sales and profits. After lifting/relaxation of Lockdown, operations were commenced partially and gradually with restricted work force from 6.5.2020. Though operations are improving, it is expected to impact the financial results of FY 2020-2021.

Industry Structure & Developments

Cotton production in India reached 36.04 million bales in financial year 2020. India is the second largest producer of cotton accounting for 25% of global cotton area and 18% of global cotton production. Cotton prices ruled favorably during the year in view of good cotton season in India.

The demand for Ring and Open end yarn did not increase during the current year and the margin was lower due to excess production in India. Power position in Tamil Nadu was favourable during the year. On positive note there is surge in E-commerce and online sales. Indian textile industry is facing huge liquidity crunch and uncertainty pertaining to future orders. The priority is to revive the growth as the Indian economy heals from the scars of Covid 19.

Opportunities

The growing anti-China sentiment that was triggered by the US China trade tension intensified further after outbreak of Corona virus in China. Global apparel manufacturers in USA and EU are now finding Bangladesh, Vietnam and India as competitive markets over China. Covid 19 has opened avenues for e commerce players as consumers increased their online purchasing as a safe alternative to physical shopping.

Threats

Stiff competition from low cost countries due to duty concession continues to pose threat.

Indian textile industry is highly dependent on availability of domestic cotton at a competitive price.

Sri Kannapiran Mills Limited

There is shortage of skilled labor in the industry despite India having a favorable demographic profile. Covid 19 has caused migration of labor. With slow easing of the impact, industry expects go get migrant labor back to work.

Segment wise or product wise performance

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

Outlook

Overall FY 2021 is expected to be a tough year and major focus shall be on premium value added products, cost cutting, improving productivity, value added sustainable products to improve the profitability of the Company.

It is expected that once Covid curve flattens and textile business improves the present integration of spinning and weaving will largely help in achieving higher sales and profitability.

Risk and concerns

Overall negative impact is expected across the industry due to current COVID 19 pandemic. There could be short time recessionary pressure due to job losses and money crunch in the market and it will take a few more months for increase in demand of products.

Cotton being an agriculture product, is the key raw material used for manufacture of cotton yarn, the cultivation is dependent on monsoon. Availability of quality cotton at stable prices is crucial for the profitability.

RBI stepped forward and announced a Special Resolution Framework for Covid 19 related Stress on 6.8.2020 as a Special Window. As the time is of essence at the present juncture the ability of the lenders to implement the resolution plans quickly with in the specified time frame will determine the success of the resolution framework.

Health, Safety and Environmental Protection

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

Environment

Company continuously endeavors to enhance Environmental Management. The plants have with modern Effluent Treatment Plants for treating and discharging treated water with parameters well within the norms of Tamil Nadu State Pollution Control Board. The emissions from Boilers and Generator stacks are regularly monitored. Various energy saving measures and efficiency improvement activities adopted have reduced fuel consumption compared to previous years.. Action plans are being pursued to reduce water consumption further.

Your Company has complied with all the applicable Environmental and Labor Laws. Company continues to be certified under ISO 9001:2008 Standard for manufacture of denim and industrial fabrics. Company also

Sri Kannapiran Mills Limited

holds approval of HOENSTEIN Textile Testing Institute, Germany for use of Oeko-Tex mark. Company has been complying with relevant laws and has been taking all necessary measures to protect the environment.

Sustainability

Company continues its efforts on sustainability in water and waste water treatment, zero discharge and environment protection to turn out sustainable products. Company had already obtained National Water Award from the Ministry of Water Resources for lower water consumption of water per meter of fabric. The partnership with The Ellen MacArthur Foundation will further usher more efforts on sustainability front. With this Company hopes to augment fabric sales as more countries turn to India.

Human Resource & Skill Development Initiatives

A large number of employees are attached to the Company for more than 30 years. Company imparts training on technical and work skills by conducting In-house Training Programs and sponsoring for Outside Training Programs organized by Industry & Trade Associations.

The HR Team worked proactively for setting up processes to ensure the safety of the workforce when Corona virus broke out. Senior Management Team was in constant communication with the staff and workforce to boost their morale. Even during Covid times, company retained major workforce within the plant. Festival celebrations nurtured a healthy bonding amongst workforce. Industrial relations at all the manufacturing locations have been harmonious and peaceful.

Allotment of Equity Shares and Preference Shares

In consideration of the transfer and vesting of the undertaking of the Transferor Company (KG Fabriks Limited) in the Company during the year under the Scheme of Amalgamation approved by NCLT, the Company allotted on 13.4.2020 to the Equity Shareholders of the Transferor Company, whose name is entered in the Register of Members of the Transferor Company on the record date, a total of 17,93,449 Equity Shares of Rs 10 each, credited as fully paid up of the Transferee Company in the following share exchange ratio:

One Equity Share of the Company of Rs 10 each fully paid up for every 10 Equity Shares of the Transferor Company of Rs 10 each fully paid up.

The Company also allotted to Preference shareholder of the Transferor Company on 13.4.2020, a total of 1,35,000 Preference shares of Rs.100 each, credited as fully paid up of the Transferee Company to the existing Preference shareholder of Transferor Company of 1,35,000 Preference shares of Rs.100 each.

Dividend

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

Transfer of Amount to Reserves

Company does not propose to transfer any amount to General Reserve for the financial year ended 31st March 2020.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund

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

Sri Kannapiran Mills Limited

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

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

Board Meeting

The Board met 4 times and the meetings were held on 14.06.2019, 26.08.2019, 20.12.2019 and 28.02.2020. The number of meetings directors attended is as follows.

Name of the Director	Category	No. of Meeting held	No. of Meetings Attended
Mr K G Balakrishnan	Chairman	4	4
Dr G Bakthavathsalam	Executive, Managing Director	4	3
Mr B Sriramulu	Executive, Managing Director	4	4
Mr B Srihari	Executive, Managing Director	4	3
Mr A Velusamy	Executive, Whole Time Director	4	4
Mr K N V Ramani	Independent, Non-Executive	4	4
Mr V Arunachalam	Independent, Non-Executive	4	3
Mr K B Nagendra Murthy	Independent, Non-Executive	4	2

Audit Committee Meeting

The Audit Committee Meeting held on 26.08.2019, 20.12.2019 and 28.02.2020. Composition of the Audit Committee as on 31st March, 2020 and the attendance during the year are as under:

Name of the Director	Position	Category	No. of Meeting held	No. of Meetings Attended
Mr K N V Ramani	Chairman	Independent, Non-Executive	3	3
Mr A Velusamy	Member	Whole Time Director w.e.f.1.03.2020	3	3
Mr K B Nagendra Murthy	Member	Independent, Non-Executive	3	2

Nomination & Remuneration Committee Meeting

The Nomination & Remuneration Committee Meeting held on 27.02.2020. Composition of the Nomination & Remuneration Committee as on 31st March, 2020 and the attendance during the year are as under:

Name of the Director	Position	Category	No. of Meeting held	No. of Meetings Attended
Mr K N V Ramani	Member	Independent, Non-Executive	1	1
Mr A Velusamy	Member	Executive, Whole Time Director w.e.f 1.03.2020	1	1
Mr K B Nagendra Murthy	Member	Independent, Non-Executive	1	1

Sri Kannapiran Mills Limited

Risk Management Committee Meeting

The Risk Management Committee Meeting held on 28.02.2020. Composition of the Risk Management Committee as on 31st March, 2020 and the attendance during the year are as under:

Name of the Member	Position	Category	No. of Meeting held	No. of Meetings Attended
Mr B Srihari	Chairman	Executive	1	1
Mr A Velusamy	Member	Executive, Whole Time Director w.e.f 1.03.2020	1	1
Mr G Krishnakumar	Member	Chief Financial Officer	1	1

Independent Directors Meeting

Independent Director's Meeting held on 28.02.2020. Composition of the Independent Director's as on 31st March, 2020 and the attendance during the year are as under:

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

Directors' responsibility statement

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

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- 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;
- that the directors had prepared the annual accounts on a going concern basis; and
- 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).

Sri Kannapiran Mills Limited

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following members namely Mr. KNVRamani, Mr. A Velusamy and Mr. KB Nagendra Murthy.

Scope

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

Nomination and Remuneration policy

The objectives of the Policy

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

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

The Company has not given any loans. The details of guarantee and investments made during the financial year ended on 31st March, 2020 are given in the Notes to Financial Statements in compliance with the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014.

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

Sri Kannapiran Mills Limited

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

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

The details of the related party transactions, as per requirement of Accounting Standards-18 are disclosed in notes to the financial statements of the Company for the financial year 2019-20. All the directors have disclosed their interest in Form MBP-1 pursuant to Section 184 of the Companies Act, 2013 and as & when any changes in their interest take place, such changes are placed before the Board at its meetings. None of the transactions with any of the related parties was in conflict with the interest of the Company. A statement in the prescribed Form AOC-2 as per Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed to this Report as **Annexure - 3**.

Annual Return

The extract of Annual Return is prepared in Form MGT-9 as per the provisions and Rule 12 of Companies (Management and Administration) Rules, 2014 and the same is annexed as **Annexure -4** to this Report.

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

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

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.

Sri Kannapiran Mills Limited

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

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

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

Directors

Mr KG Balakrishnan, Chairman retire by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

Mrs Vanithamani appointed as Additional Director at the Board Meeting held on 1.10.2020. She is seeking election as an Director at the ensuing Annual General Meeting.

Statutory Auditors

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

Auditor's Report

M/s Gopalaiyer and Subramanian [Firm Registration No: 000960S], Chartered Accountants, Coimbatore have issued Auditor's Report for the financial year ended 31st March 2020 and the Report does not contain any qualification or adverse remark and the same is attached with the Report.

Cost Auditor

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

The Board of Directors, on the recommendation of the Audit Committee, at their meeting held on 28.02.2020 appointed Shri. M. Nagarajan, Cost Accountant (Firm Registration Number 000088) as Cost Auditor to audit the cost accounts of the company for FY 2020-21. As required under the Companies Act, 2013 a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, Company has appointed Mr. M.R.L Narasimha, Practising Company Secretary (CP No 799) for conducting the Secretarial Audit of the Company for the financial year ended 31.3.2020. The Secretarial Audit Report issued by Mr M.R.L Narasimha is annexed as **Annexure - 5** to this Report.

Sri Kannapiran Mills Limited

Internal control systems and their accuracy

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

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

Vigil Mechanism /Whistle Blower Policy:

The Board of Directors has adopted a Whistle Blower Policy which is hosted on the company's website. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. 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.

Environment

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

Policy on Sexual Harassment

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year ended 31st March, 2020, the Company has not received any complaints pertaining to sexual harassment.

Legal Requirements

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

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

Insurance

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

Finance

Your Directors acknowledge with gratitude, the valuable assistance and support extended by our Bankers

Sri Kannapiran Mills Limited

for term loans and working capital i.e., Indian Bank, Central Bank of India, The South Indian Bank Limited, State Bank of India, Canara Bank, Punjab National Bank (erstwhile Oriental Bank of Commerce) and Indian Overseas Bank.

Material changes and commitments

There are no material changes and commitments in the business operations of the Company from the financial year ended 31st March, 2020 to the date of signing of the Director's Report.

Significant and material orders passed by the Regulators or Courts

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

Personnel

The Industrial relations were cordial during the year under review.

Particulars of Employees

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

Acknowledgement

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

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

Coimbatore
01.10.2020

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

Sri Kannapiran Mills Limited

ANNEXURE 1

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

A. Conservation of Energy

Steps taken or impact on conservation of energy	<p>Spinning: Replacement of old air compressors, old transformers and old motors Installation of Timer to control card idle running Identification of Rouge Carding machine Modification of Waste Collection System Arresting Air leakage Removal of Micro Dust Fan in Step Cleaner Ring frame Main Motor Invertor Conversion Power Factor improvement OE Exhaust Optimization Replacement of RO Plant Pump Motor</p> <p>Denim Weaving: Transparent Roofing System installed for day light power savings Warping Humidification Plant replaced by Energy Efficient Humifog System Automatic Contactor for Blower Fan VFD installed in Exhaust Fan Timer for Warping Machine Power Pack for Idle Time Power Control Fluorescent Lights replaced by LED retrofitting OHTC Automation with Timer Connection Primary Clarifier Design modification for Dosing Pump Elimination and Power savings New Energy Efficient 650 KW compressor installed Main Voltage Optimization at MV Panel through OLTC Flood Lights replaced by LED Focus Light Power factor improved from 0.94 to 0.99 Screening Automation by Motor Timer Connection</p>
Steps taken by the company for utilizing alternative sources of energy	Company has multiple sources of power viz., natural gas, wind bio gas solar EB & DG constituting
Capital investment on energy conservation equipments	₹ 73.44 lakhs in Spinning

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;

Sri Kannapiran Mills Limited

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.

(₹ in Lakhs)

	31.3.2020	31.3.2019
Used	184	730
Earned	4511	4317

Coimbatore
01.10.2020

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

Sri Kannapiran Mills Limited

ANNEXURE 2 - REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) AS PER RULE 9 OF COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014

ANNUAL REPORT DETAILS OF THE CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. The CSR Policy is available on the Company's website. The web link of the same is www.kannapiran.co.in. A gist of the programs that the Company can undertake under the CSR policy is mentioned below.

The Company had proposed to undertake activities relating to rural development including livestock development, community irrigation, water conservation, etc., for the Financial Year 2019-20

The activities and funding are monitored internally by the Company.

2. The Composition of the CSR Committee.

Mr KG Balakrishnan (Chairman);

Mr K N V Ramani (Independent Director);

Mr A Velusamy (Whole Time Director).

3. Average net profit of the Company for last three Financial Years.

The average Net Profit for the last three years is Rs.974.92 lakhs.

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

The Company is required to spend Rs. 19.50 lakh towards CSR for the Financial Year 2019-20.

5. Details of CSR spent during the Financial Year.

- a. Total amount spent in the financial year Rs. 19.50 lakhs.

- b. Amount unspent, if any : Nil

- c. Manner in which the amount spent during the financial year detailed below: (₹ in Lakhs)

(1) Sr. No	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub-heads : 1) Direct expenditure on projects 2) Overheads:	(7) Cumulative expenditure upto the reporting period	(8) Amount spent : Direct or through implementing agency
1.	Transfer to Sri Kannapiran Mills Trust Foundation	-	-	19.50	19.50	19.50	Through Sri Kannapiran Mills Trust Foundation

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

The Company has fully spent the CSR expenses for 2019-20 as detailed above. The Company has transferred Rs. 19.50 lakhs to Sri Kannapiran Mills Trust Foundation. Sri Kannapiran Mills Trust Foundation is a trust set up exclusively for CSR activities. The said Trust is in the process of identifying specific approved CSR projects where the amount would be spent.

7. Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, we hereby confirm that the CSR Committee has implemented and monitored the CSR initiatives in line with CSR Objectives and Policy of the Company.

Coimbatore
01.10.2020

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

Sri Kannapiran Mills Limited

Contents of CSR Policy

(Approved by the Board of Directors on 04.06.2015)

Our aim is to be one of the most respected Companies in India delivering superior and sustainable value to all our customers, business partners, shareholders, employees and host communities.

The CSR initiatives focused on holistic development of host communities and create social, environmental and economic value to the society.

The Company's commitment to CSR projects and programs will be by investing resources into any of the following areas.

- ★ Improving the quality of life in rural areas;
- ★ Eradicating hunger, poverty and malnutrition;
- ★ Promoting healthcare including preventive healthcare;
- ★ Employment enhancing vocational skills;
- ★ Promotion of education including investment in technology in schools;
- ★ Ensuring environmental sustainability including measures for reducing inequalities faced by socially and economically backward groups;
- ★ Promoting sports including rural and Olympic sports;
- ★ Contribution to funds for promoting technology;
- ★ Investing in various rural development projects;
- ★ Contributing to the Prime Minister's National Relief Fund or any other fund setup by the Central Government for development and relief; and
- ★ Other areas approved by the CSR Committee that are covered in the CSR Rules as amended from time-to-time.

ANNEXURE 3

FORM NO. AOC-2

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

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

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

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

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

S. No.	Name of the related party and nature of relationship	Nature of Contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances if any
1.	K G Denim Limited Section 2(76)(v) Public Company in which a Directors holds along with his relatives more than 2% of its paid up share capital.	Conversion Contract	3 years till 25.09.2021	Conversion of cotton / fibre into yarn covered under Section 188(1)(d) of Companies Act, 2013. For the year 2019-20 Conversion Charges (Receipt) ₹ 2778.07 lakhs	26.08.2019, 28.02.2020	Nil

Coimbatore
01.10.2020

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

Sri Kannapiran Mills Limited

ANNEXURE 4 FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

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	U17111TZ1946PLC000188
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. 0422-2351111
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Cameo Corporate Services Limited "Subramanian Building", No.1, Club House Road, Chennai - 600 002. Phone : (044) 28460390 (5 lines), E-mail : investor@cameoindia.com

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	2351	59%
2	Weaving of Textiles	1312	41%

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
Nil					

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

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	2753532	2753532	75.71		2753532	2753532	75.71	-
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	-	519580	519580	14.29		519580	519580	14.29	
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	-	3273112	3273112	90.00		3273112	3273112	90.00	-

Sri Kannapiran Mills Limited

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
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)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	3696	3696	0.10	2076	3696	5772	0.15	0.05
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	183753	183753	5.05	3066	178611	181677	5.00	-0.5
ii) Individual shareholders holding nominal share capital in excess of ₹ 1lakh	-	175918	175918	4.84	-	175918	175918	4.84	
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	363367	363367	9.99	5142	358225	363367	9.99	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	363367	363367	9.99	5142	358225	363367	9.99	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	3636479	3636479	100	5142	358225	3636479	100	Nil

Sri Kannapiran Mills Limited

B) Shareholding of Promoter-

S. No (1)	Shareholder's Name (2)	Shareholding at the beginning of the year 31-March-2019			Shareholding at the end of the year 31-March-2020			% change in shareholding during the year (9)
		No. of Shares (3)	% of total Shares of the company (4)	% of Shares Pledged / encumbered to total shares (5)	No. of Shares (6)	% of total Shares of the company (7)	% of Shares Pledged / encumbered to total shares (8)	
1	Mr KG Balakrishnan	791516	21.76	-	791516	21.76	-	Nil
2	Mrs B Sathyabama	280742	7.72	-	280742	7.72	-	Nil
3	Mr B Srihari	205962	5.66	-	205962	5.66	-	Nil
4	Mr B Sriramulu	175040	4.81	-	175040	4.81	-	Nil
5	Mrs Deepika Karthikeyan	800	0.02	-	800	0.02	-	Nil
6	Mr Pranav Ram	105702	2.91	-	105702	2.91	-	Nil
7	Ms Aadya Srihari	108174	2.97	-	108174	2.97	-	Nil
8	Mrs T Anandhi	134285	3.69	-	134285	3.69	-	Nil
9	Dr G Bakthavathsalam	151607	4.17	-	151607	4.17	-	Nil
10	Mrs B Dhanalakshmi	26550	0.73	-	26550	0.73	-	Nil
11	Mr B Ashok	32000	0.88	-	32000	0.88	-	Nil
12	Mrs R Vasanthi	31680	0.87	-	31680	0.87	-	Nil
13	Mrs B Dhanalakshmi	16000	0.44	-	16000	0.44	-	Nil
14	Dr G Bakthavathsalam	19616	0.54	-	19616	0.54	-	Nil
15	Dr G Bakthavathsalam	19600	0.54	-	19600	0.54	-	Nil
16	Mr G Kannappan	17981	0.49	-	17981	0.49	-	Nil
17	Mr G Ramaswamy	99333	2.73	-	99333	2.73	-	Nil
18	Mrs R Shantahmani	35488	0.97	-	35488	0.97	-	Nil
19	Mr G Ramaswamy	28000	0.77	-	28000	0.77	-	Nil
20	Mr G Vijayakumar	9673	0.27	-	9673	0.27	-	Nil
21	Crocodile (India) Private Limited	500000	13.75	-	500000	13.75	-	Nil
22	G R V Investments Private Limited	350	0.01	-	350	0.01	-	Nil
23	G V Investments Private Limited	350	0.01	-	350	0.01	-	Nil
24	G K Investments Private Limited	300	0.01	-	300	0.01	-	Nil
25	Sri Selvavinayagar Investment Private Ltd	1792	0.05	-	1792	0.05	-	Nil
26	Sri Ranganathaswamy Investment Private Ltd	1400	0.04	-	1400	0.04	-	Nil
27	Sree Manneswaraswamy Investments Private Ltd	800	0.02	-	800	0.02	-	Nil
28	K G Denim Limited	4588	0.12	-	4588	0.13	-	Nil
29	Mrs Niketana Thulasidharan	73228	2.01	-	73228	2.01	-	Nil
30	Mr Sailendra	73228	2.01	-	73228	2.01	-	Nil
31	Mr G Kannappan	47504	1.31	-	47504	1.31	-	Nil
32	Mr G Kannappan	40048	1.10	-	40048	1.10	-	Nil

Sri Kannapiran Mills Limited

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
33	Mrs K Krithika	52116	1.43	-	52116	1.43	-	Nil
34	Mrs V Geethalakshmi	19104	0.53	-	19104	0.53	-	Nil
35	Mrs V Sanjana	25924	0.71	-	25924	0.71	-	Nil
36	Mrs V Saritha Santhanalakshmi	27124	0.74	-	27124	0.74	-	Nil
37	Mrs V Geethalakshmi	16000	0.44	-	16000	0.44	-	Nil
38	Mrs V Geethalakshmi	32960	0.91	-	32960	0.91	-	Nil
39	Mr G Vijayakumar	16600	0.46	-	16600	0.46	-	Nil
40	Mr G Vijayakumar	20000	0.55	-	20000	0.55	-	Nil
41	Mr R Annush	9524	0.26	-	9524	0.26	-	Nil
42	Mr R Ashyanth	9523	0.26	-	9523	0.26	-	Nil

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
	NIL				

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 (31-March-2019)		Cumulative Shareholding during the year (31-March-2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. S B V Guptha	92727	2.52	92727	2.52
2	Mrs. Kalamanisoundar	43426	1.19	43426	1.19
3	Mr. C D Kumaravel	22178	0.61	22178	0.61
4	Mr. S Gopinath	17587	0.48	17587	0.48
5	Mrs. Usha Umapathi	8800	0.24	8800	0.24
6	Mrs. V Krishnaveni	4960	0.14	4960	0.14
7	Mr. K S Jeyaraman	4820	0.12	4820	0.12
8	Mr. Mahendra Girdharlal	4472	0.12	4472	0.12
9	Mr. G S Hari Ganesh	4080	0.11	4080	0.11
10	Mr. A Natesan Chettiar	4000	0.11	4000	0.11

Sri Kannapiran Mills Limited

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 Balakrishnan	791516	21.76	791516	21.76
2	Dr G Bakthavathsalam	151607	4.17	151607	4.17
3	Mr B Sriramulu	175040	4.81	175040	4.81
4	Mr B Srihari	205962	5.66	205962	5.66
5	Mr A Velusamy	800	0.02	800	0.02
6	Mr K N V Ramani	1516	0.04	1516	0.04
7	Mr K B Nagendra Murthy	Nil	Nil	Nil	Nil
8	Mr V Arunachalam	Nil	Nil	Nil	Nil
9	Mr G Krishnakumar	Nil	Nil	Nil	Nil
10	Mr K Jayaraj	Nil	Nil	Nil	Nil

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

(₹)

	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	1 18 15 73 692	16 25 000	1 18 31 98 692
ii) Interest due but not paid	2 44 928	-	2 44 928
iii) Interest accrued but not due	-	-	-
Total (i+ii+iii)	1 18 18 18 620	16 25 000	1 18 34 43 620
Change in Indebtedness during the financial year			
* Addition	3 11 73 558	-	3 11 73 558
* Reduction	13 62 85 323	-	13 62 85 323
Net Change	-10 51 11 765	-	-10 51 11 765
Indebtedness at the end of the financial year			
i) Principal Amount	1 07 32 94 765	16 25 000	1 07 49 19 765
ii) Interest due but not paid	34 12 090	-	34 12 090
iii) Interest accrued but not due	-	-	-
Total (i+ii+iii)	1 07 67 06 855	16 25 000	1 07 83 31 855

Sri Kannapiran Mills Limited

VI. 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
		B Sriramulu	B Srihari	Dr G Bakthavathsalam	A Velusamy	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.94	14.94	14.94	11.18	56.00
	(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 Medical	-	0.45	-	-	0.45
	Total (A)	14.94	15.39	14.94	11.18	56.45
	Ceiling as per the Act					

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	K N V Ramani	K B Nagendra Murthy	V Arunachalam	
	Fee for attending board committee meetings	45000	30000	20000	95000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	45000	30000	20000	95000
2	Other Non-Executive Directors	KG Balakrishnan			
	Fee for attending board committee meetings	20000	-	-	20000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	20000	-	-	20000
	Total (B)=(1+2)	65000	30000	20000	115000
	Total Managerial Remuneration				115000
	Overall Ceiling as per the Act				

* Sitting fee of ₹ 0.80 Lakhs paid to the Directors of KG Fabriks Limited, transferor Company not included.

Sri Kannapiran Mills Limited

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	-	6.68	10.13	16.81
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	6.68	10.13	16.81

VII. 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)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Sri Kannapiran Mills Limited

ANNEXURE 5

Secretarial Audit Report for the Financial Year ended 31.03.2020

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

To,
The Members,
Sri Kannapiran Mills Limited
CIN: U1711TZ1946PLC000188
Sowripalayam, Coimbatore-641028.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sri Kannapiran Mills Limited, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Sri Kannapiran Mills Limited for the financial year ended on 31st March 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- (iii) The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) I am informed that for the financial year ended March 31st 2020 the company was not required to maintain books, papers, minutes books, forms and returns or other records according to the provisions of the regulations and guidelines prescribed under The Securities and Exchange Board of India Act 1992, ('SEBI ACT') as the company is not a listed entity.

I have also examined compliance with the Secretarial Standards(SS- 1) and(SS-2) issued by The Institute of Company Secretaries of India. During the period under review, the company has complied with the provisions of the Act, Rules, Regulations mentioned under paragraph (i) to (iv) above to the extent applicable subject to following: The company could not hold the Annual General Meeting for the year ended 31/03/2019 within the time allowed by Registrar of Companies, Tamil Nadu ,Coimbatore since the company was awaiting for the Merger order from NCLT. However, the company was able to held the Annual General Meeting on 24/07/2020 which was originally scheduled on 13/04/2020 was postponed due to the restrictions imposed in the view of the massive outbreak of COVID-19 pandemic.

I further report that.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

===== Sri Kannapiran Mills Limited =====

All decisions at board meetings and committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the committee of Directors, as the case may be. Other than above, there were no instances of Public/Rights/Preferential issue of shares/debentures/sweat equity, Redemption/buy-back of securities and no major decisions were taken by the members in pursuant to Section 180 of the Companies Act,2013,Reconstruction etc, Foreign Technical collaborations.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit period ,the following major event happened after the Audit period which is deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.,:

A scheme of amalgamation for the merger of M/s KG Fabriks Limited (CIN: U65999TZ1994PLC005630) with the Company was approved by the Honourable National Company Law Tribunal, Chennai Bench vide its order dated 21st February,2020 and the certified copy of the order was filed with the Registrar of Companies, Coimbatore, Tamilnadu on 26th February,2020.

M.R. L. Narasimha

Practising Company Secretary

FCS No.2851

C.P.No. 799

UDIN: - F002851B000843251

Date: 01-10-2020

Place: Coimbatore

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

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

My Secretarial Audit Report of even date is to be read along with this letter.

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
2. My responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on our audit.
3. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.,
4. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

M.R. L. Narasimha

Practising Company Secretary

FCS No.2851

C.P.No. 799

UDIN: - F002851B000843251

Date: 01-10-2020

Place: Coimbatore

Sri Kannapiran Mills Limited

INDEPENDENT AUDITOR'S REPORT

To

The Members of SRI KANNAPIRAN MILLS LIMITED, Coimbatore.

We have audited the standalone financial statements of M/s SRI KANNAPIRAN MILLS LIMITED ("the Company"), which comprise the Balance sheet as at 31st March 2020, and the statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Emphasis of Matter

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

Our opinion is not modified in respect of this matter.

Sri Kannapiran Mills Limited

Information other than the financial statements and auditors' report thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Sri Kannapiran Mills Limited

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

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

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

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

Sri Kannapiran Mills Limited

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to other matter to be included in the Auditor report in accordance with the requirements of Sec 197(16) of the act, as amended.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company did not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

(Membership No. 027497)
UDIN: 20027497AAAAKD4173

Place: Coimbatore
Date : 01.10.2020

Sri Kannapiran Mills Limited

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of M/s **SRI KANNAPIRAN MILLS LIMITED** of even date)

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

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

Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

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

Sri Kannapiran Mills Limited

7. In respect of statutory dues:

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

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

- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.

8. In our opinion and according to the information and explanations given to us, the company has no outstanding dues to any financial institutions or banks or any government or any debenture holders during the year. Accordingly, paragraph 3 (viii) of the order is not applicable.
9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and has not taken any term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company and accordingly, paragraph 3 (xii) of the order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.

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

15. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.
16. According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

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

Place: Coimbatore
Date : 01.10.2020

Sri Kannapiran Mills Limited

ANNEXURE “B” TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 (f) under Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report of the even date to the members of M/s SRI KANNAPIRAN MILLS LIMITED on the financial statements for the year ended March 31, 2020.

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

We have audited the internal financial controls over financial reporting of M/s SRI KANNAPIRAN MILLS LIMITED (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the act.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable

Sri Kannapiran Mills Limited

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting.

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

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place: Coimbatore
Date : 01.10.2020

Sri Kannapiran Mills Limited

Balance Sheet as at 31st March, 2020

(₹ in Lakhs)

Particulars	Note No.	31-03-2020	31-03-2019
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	6 77.00	6 77.00
Reserves and Surplus	3	80 23.14	80 69.43
Non-Current Liabilities			
Long Term Borrowings	4	32 92.07	37 11.77
Deferred Tax Liabilities (Net)	5	9 95.76	8 81.09
Other Payable	6	2 88.79	2 06.17
Long Term Provisions	7	4 15.18	3 27.33
Current Liabilities			
Short Term Borrowings	8	71 77.69	69 24.86
Trade Payables	9	71 23.25	61 22.86
Due to Micro, Small & Medium Enterprises		23.90	18.99
Other Current Liabilities	10	20 13.20	28 11.57
Short-Term Provisions	11	20.90	84.76
TOTAL		300 50.88	298 35.85
ASSETS			
Non-Current Assets			
Fixed Assets			
(i) Tangible Assets (Property, Plant & Equipments)	12	141 53.99	147 36.71
(ii) Intangible Assets		0.05	0.05
(iii) Capital Work-in-Progress		--	--
Non-current investments	13	5 67.93	5 81.02
Long-Term Loans and Advances	14	10 55.58	11 46.36
Other Non Current Assets	15	2 14.48	3 13.15
Current Assets			
Inventories	16	60 32.45	54 75.21
Trade Receivables	17	51 45.50	47 50.42
Cash and Cash Equivalents	18	4 73.90	4 91.27
Short-Term Loans and Advances	19	21 67.93	19 27.70
Other Current Assets	20	2 39.07	4 13.96
TOTAL		300 50.88	298 35.85
Significant Accounting Policies	1		
Additional information to Financial statement	28		

See accompanying notes to the financial statements

(Sd/-) **KG Balakrishnan**

Chairman

DIN No : 00002174

In terms of our Report of even date

For Gopalaiyer and Subramanian

Firm Regd. No.000960S

Chartered Accountants

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

Coimbatore

01st October 2020

Partner

Membership No. 027497

(Sd/-) **B Sriramulu**

Managing Director

DIN No : 00002560

(Sd/-) **G Krishnakumar**

Chief Financial Officer

(Sd/-) **B Srihari**

Managing Director

DIN No : 00002556

(Sd/-) **K Jayaraj**

Company Secretary

Sri Kannapiran Mills Limited

Statement of Profit and Loss for the year ended 31st March, 2020

(₹ in Lakhs)

Particulars	Note No.	31-03-2020	31-03-2019
REVENUE			
Revenue from Operations	21	30 384.10	304 56.14
Other Income	22	1 62.13	4 74.83
Total Revenue		305 46.23	309 30.97
EXPENSES			
Cost of Materials consumed	23	151 33.34	149 45.45
Purchases of Stock in Trade		15 68.86	5 43.86
Changes in Inventories of Finished Goods and Work-in-Progress	24	-3 06.70	- 2 25.91
Power & Fuel		35 49.41	36 20.03
Employee Benefits Expense	25	44 21.97	44 87.88
Finance Costs	26	18 91.03	17 62.45
Depreciation		7 81.75	8 49.75
Other Expenses	27	34 24.53	41 81.43
Total Expenses		304 64.19	301 64.95
Profit Before Tax		82.04	7 66.03
Tax Expense:			
Current Tax (MAT)		-10.30	-1 10.46
(Less) : Mat Credit Entitlement		10.30	1 10.46
Deferred Tax Liability		-114.67	-39.53
Income Tax for Prior Year		-13.68	-74.73
Profit After Tax		-46.30	6 51.77
Earnings per Equity Share			
Basic and Diluted Earnings per Share (in ₹) (Face value ₹ 10/- per Share)		(0.85)	17.92
Significant Accounting Policies	1		
Additional Information to Financial statements	28		

See accompanying notes to the financial statements

(Sd/-) **KG Balakrishnan**

Chairman

DIN No : 00002174

In terms of our Report of even date

For **Gopalaier and Subramanian**

Firm Regd. No.000960S

Chartered Accountants

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

Coimbatore

01st October 2020

Partner

Membership No. 027497

(Sd/-) **B Sriramulu**

Managing Director

DIN No : 00002560

(Sd/-) **G Krishnakumar**

Chief Financial Officer

(Sd/-) **B Srihari**

Managing Director

DIN No : 00002556

(Sd/-) **K Jayaraj**

Company Secretary

Sri Kannapiran Mills Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2020

(₹ in Lakhs)

PARTICULARS	31.03.2020	31.3.2019
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax	82.05	7 66.02
Adjustments for:		
Depreciation	7 81.75	8 49.75
Profit on Sale of Assets	-	-2 74.85
Interest Income	-32.25	-46.14
Dividend Income	-24.50	-24.51
Interest Paid	18 16.48	16 83.11
Operating profit before working capital changes	26 23.54	29 53.38
(Increase) / Decrease in Trade and Other Receivables	-2 74.94	-1 45.24
(Increase) / Decrease in Inventories	-5 57.24	-72.21
Increase / (Decrease) in Trade and Other Payables	3 13.54	-81.29
Cash generated from operations	21 04.90	26 54.63
Direct Taxes Paid	-13.68	-74.73
Net cash from Operating Activities	20 91.22	25 79.90
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-2 48.17	-11 62.00
Proceeds from Sale of Fixed Assets	44.67	300.15
Sale of Investments	13.11	13.24
Purchase of Investment	--	--
Interest Received	40.67	39.95
Dividend Received	24.50	24.51
Net Cash Used in Investing Activities	-1 25.22	-7 84.15
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Long Term Borrowings Received	6 68.02	7 32.00
Long Term Borrowings Repaid	-10 87.72	-8 46.24
Short Term Borrowings	2 52.83	26.86
Interest Paid	-18 16.48	-16 83.11
Buy back of Shares	--	--
Net Cash Used In Financing Activities	-19 83.36	-17 70.48
Net Increase In Cash And Cash Equivalents	-17.37	25.27
Cash and cash equivalents at beginning of the period	4 91.27	4 66.00
Cash and cash equivalents at end of the period	4 73.90	4 91.27
Components of Cash and cash equivalents as at 31st March 2020		
Cash and cheques on hand	25.53	8.67
In Current Account	32.09	57.36
In Deposit Account	4 16.28	4 25.24
	4 73.90	4 91.27

See accompanying notes to the financial statements

(Sd/-) **KG Balakrishnan**

Chairman

DIN No : 00002174

In terms of our Report of even date

For **Gopalaier and Subramanian**

Firm Regd. No.000960S

Chartered Accountants

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

Coimbatore

01st October 2020

Partner

Membership No. 027497

(Sd/-) **B Sriramulu**

Managing Director

DIN No : 00002560

(Sd/-) **G Krishnakumar**

Chief Financial Officer

(Sd/-) **B Srihari**

Managing Director

DIN No : 00002556

(Sd/-) **K Jayaraj**

Company Secretary

Sri Kannapiran Mills Limited

1. Significant Accounting Policies

(In the order of applicability of Accounting Standards)

AS-1 DISCLOSURE AND BASIS OF ACCOUNTING

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

AS-2 VALUATION OF INVENTORIES

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

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

AS-3 CASH FLOW STATEMENT

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

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

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

AS-6 DEPRECIATION ACCOUNTING

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

AS-9 REVENUE RECOGNITION

- a) Revenue from sale transactions is recognised as and when the property in the goods sold is transferred to the buyer for a definite consideration. Revenue from service transactions are recognised on the completion of the contract at the contracted rate and when there is no uncertainty regarding the amount of consideration or collectability.
- b) Sales as reported does not include GST.
- c) Proceeds of export sales of yarn are accounted on the basis of credit given by our bankers.
- d) Export incentives under DEPB licence and premium on transfer of Export incentives are accounted on accrual basis.
- e) Dividend income from investments is accounted in the year in which it is actually received.
- f) Revenue from Carbon credits are recognized based on issuance of CER certificate by UNFCEC
- g) Other incomes are accounted on accrual basis.

AS-10 ACCOUNTING FOR FIXED ASSETS

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

AS-11 FOREIGN CURRENCY TRANSACTIONS

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

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

AS-13 ACCOUNTING FOR INVESTMENTS

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

AS-15 EMPLOYEE BENEFITS

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

AS-16 BORROWING COSTS

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

AS-19 LEASES

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

AS-20 EARNING PER SHARE

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

AS-22 ACCOUNTING FOR TAXES ON INCOME

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

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

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

AS-26 INTANGIBLE ASSETS

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

AS-28 IMPAIRMENT OF ASSETS

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

AS-29 PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSETS

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

OTHERS

SUNDRY DEBTORS AND ADVANCES

Specific debts and advances identified as irrecoverable are written off.

USE OF ESTIMATES

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

Sri Kannapiran Mills Limited

Notes forming part of financial statements

(₹ in Lakhs)

	Numbers 31.03.2020	Numbers 31.03.2019	Amount 31.03.2020	Amount 31.03.2019
2. SHARE CAPITAL				
Number and amount of Equity Shares Authorized	6000000	6000000	600.00	600.00
Add: addition on account of Scheme of Amalgamation	21000000	21000000	2100.00	2100.00
Total	27000000	27000000	2700.00	2700.00
 Number and amount of Preference Shares Authorized	 300000	 300000	 300.00	 300.00
Add: addition on account of Scheme of Amalgamation	300000	300000	300.00	300.00
Total	600000	600000	600.00	600.00
 Number and amount of Equity Shares Issued	 3709575	 3709575	 370.96	 370.96
Number of Equity Shares Subscribed and Fully Paid up	3636479	3636479	363.65	363.65
Add: Forfeited Shares	--	--	0.01	0.01
Less: Reduction on account of amalgamation	10000	10000	1.00	1.00
Total	3626479	3626479	362.66	362.66
Equity Shares - Pending Allotment on account of Scheme of Amalgamation	1793449	1793449	179.34	179.34
	5419928	5419928	542.00	542.00
 Preference Share Capital				
Preference Shares pending allotment on account of Scheme of Amalgamation	135000	135000	135.00	135.00
Total			677.00	677.00
Par value per Equity share (In ₹10 each)				
Reconciliation of number of shares				
Number of Equity Shares at the beginning	3626479	3626479		
Add : to be Alloted on Account of Scheme of Amalgamation	1793449	1793449		
Number of Equity Shares at the end of the reporting period	5419928	5419928		
 Shareholders holding more than 5 percent Equity shares	No of Shares	No of Shares	% 2020	% 2019
Mr KG Balakrishnan	791516	791516	21.76%	21.76%
Mr B Srihari	205962	205962	5.66%	5.66%
Mrs B Sathyabama	280742	280742	7.72%	7.72%
Crocodile India Private Limited	500000	500000	13.75%	13.75%

Terms & Conditions of equity shares :

The Company has only one class of equity shares having a par value of ₹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 immediately preceding five previous years. 46401 shares were bought back by the Company during the year 2016-17.

The redemption of 6% Cumulative Redeemable Preference Shares to be allotted to Transferee Company will be on 31.03.2024 as per the earlier terms of issue.

Sri Kannapiran Mills Limited

Notes forming part of financial statements

		(₹ in Lakhs)	
		Amount	Amount
		31.03.2020	31.03.2019
3. RESERVES AND SURPLUS			
General Reserve			
As per last Balance Sheet		38 06.00	37 87.75
Add : additions through amalgamation		-	18.25
		38 06.00	38 06.00
Capital Redemption Reserve			
As per last Balance Sheet		4.64	4.64
Surplus			
As per last Balance Sheet		12 52.44	13 92.25
Less: Deduction through scheme of amalgamation		--	-7 91.57
Add : Transfer from Profit & Loss statement		-46.29	6 51.77
		12 06.15	12 52.44
Closing balance		12 06.15	12 52.44
Revaluation Reserve			
As per last Balance Sheet		13 92.25	--
Add : Addition through Scheme of Amalgamation		-	13 92.25
		13 92.25	13 92.25
Capital Reserve			
As per last Balance Sheet		16 14.10	--
Add : Addition through Scheme of Amalgamation		-	16 14.10
		16 14.10	16 14.10
Closing balance		80 23.14	80 69.43
NON CURRENT LIABILITIES			
4. LONG TERM BORROWINGS			
Secured			
Term Loans From Banks		26 66.21	26 77.23
LC Liability for Capital Goods-Indian Bank		1 51.79	7 92.70
Unsecured			
Long Term maturities of Finance lease obligations		1.41	5.34
Inter Corporate deposits		4 26.40	2 14.40
Performance Deposit		30.00	5.85
Loans and advances from related parties-Deposits from Director-unsecured		16.25	16.25
		32 92.06	37 11.76
	TOTAL	32 92.06	37 11.76

SECURITY CLAUSE AS AT 31.3.2020

1. FOR LOANS AVAILED BY SPINNING UNITS

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

Term loans from Indian Bank amounting of Rs.1921.76 lakhs, term Loan from South Indian Bank of Rs.42.41 lakhs and term loan from State Bank of India of Rs.62.97 lakhs are secured by first pari passu charge on a) all immovable properties situated at four spinning units as aforesaid and b) all plant and machineries including machineries and other movable assets(excluding vehicles charged to ICICI Bank) of four spinning units and yarn processing unit and second pari passu charge on stock in trade and book debts of four spinning units and yarn processing unit.

Sri Kannapiran Mills Limited

Notes forming part of financial statements

The term loans from Indian Bank, South Indian Bank and State Bank of India are also guaranteed by Mr K G Balakrishnan, Chairman, Mr B Sriramulu and Mr B Srihari Managing Directors of the Company.

Term loan of Indian Bank Rs.13.56 lakhs (PY Rs.26.98 lakhs) is repayable in 11 monthly installments carrying interest at 10.25%. Term loan of Indian Bank Rs.87.72 lakhs (PY Rs.181.79 lakhs) is repayable in 11 monthly installments carrying interest at 10.25%. Term loan of Indian Bank Rs.744.57 lakhs (PY Rs.934.17 lakhs) is repayable in 47 monthly installments carrying interest at 10.25%. Term loan of Indian Bank Rs.1075.91 lakhs (Rs.540.50 lakhs) is repayable in 54 monthly installments carrying interest at 10.20%.

Term loan of State Bank of India Rs.8.41 lakhs (PY Rs.16.51 lakhs) is repayable in 11 monthly installments carrying interest at 9.95%. Term loan of State Bank of India Rs.54.56 lakhs (PY Rs.110.96 lakhs) is repayable in 11 monthly installments carrying interest at 9.95%.

Term loan of The South Indian Bank Ltd Rs.5.38 lakhs (PY Rs.11.05 lakhs) is repayable in 11 monthly installments carrying interest at 10.55%. Term loan of South Indian Bank Limited Rs.37.03 lakhs (PY Rs.74.71 lakhs) is repayable in 11 monthly installments carrying interest at 10.55%.

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

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

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

Term loan from Canara Bank outstanding Rs 420 lakhs is secured by first charge on the Second Dyeing & Sizing line together with other equipments acquired for the Expansion Scheme by hypothecation and equitable mortgage of leasehold rights of 32.825 acres of land at SIPCOT Industrial Growth Centre, Perundurai together with buildings and hypothecation of all plant and machinery (including equipments purchased for Effluent Treatment Project & Expansion Scheme) on first pari passu charge and pari passu second charge on the current assets.

Corporate Loans from Indian Overseas Bank [outstanding Rs 950.93 lakhs] are secured by an exclusive charge on one acre of land at Trichy Road, Coimbatore by way of equitable mortgage besides Corporate Guarantee of Sri Kannapiran Mills Limited

Term loan of Canara Bank Rs 420 lakhs [PY Rs 540 lakhs] is repayable in 36 monthly installments ending by March 2023. Interest rate 15.85% p.a [PY 14.70% p.a]

Corporate Loan II of Indian Overseas Bank Rs 256.93 lakhs [PY Rs 592.03 lakhs] is repayable in 5 monthly installments ending by Aug 2020. Interest rate 11.95% p.a. [PY 12.15% p.a]

Corporate Loan III of Indian Overseas Bank Rs 694 lakhs [PY 853 lakhs] is repayable in 33 monthly installments ending by Dec 2022. Interest rate 11.95% p.a [PY 12.05% p.a]

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

There is no delay in payment of term loan dues and interest payment as at 31.03.2020

Sri Kannapiran Mills Limited

Notes forming part of financial statements

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

Short Term Borrowings

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

		(₹ in Lakhs)	
		31.3.2020	31.3.2019
5. DEFERRED TAX LIABILITIES			
Deferred Tax Asset:			
On account of Business Loss		842.02	944.48
Amalgamation Expenses		8.36	1.23
Provision for Gratuity		122.10	115.39
		972.49	1061.10
Deferred Tax Liability:			
On account of Depreciation		1968.25	1942.19
		995.76	881.09
6. OTHER LONG TERM LIABILITIES			
Other Payables		288.79	206.17
		288.79	206.17
7. LONG TERM PROVISIONS			
Provision for Gratuity		415.18	327.33
		415.18	327.33
CURRENT LIABILITIES			
8. SHORT TERM BORROWINGS			
Secured			
Loans repayable on demand from Banks		7177.69	6924.86
		7177.69	6924.86
9. TRADE PAYABLES			
Due to Micro, Small & Medium Enterprises		23.90	18.99
Others		7123.25	6122.86
		7147.15	6141.85
10. OTHER CURRENT LIABILITIES			
Current maturities of long term debt		728.75	1407.13
Current maturities of finance lease obligations		7.10	8.48
Interest accrued and due on borrowings		34.12	2.45
Advances from Customers		130.13	25.28
Provision for Tax (Net of Advance Tax)		--	--
Other Payables		1113.11	1368.23
		2013.20	2811.57
11. SHORT-TERM PROVISIONS			
PROVISION FOR EMPLOYEE BENEFITS :			
Provision for Gratuity		20.90	84.76
		20.90	84.76

Sri Kannapiran Mills Limited

Notes forming part of financial statements

(₹ in Lakhs)

12. FIXED ASSETS

Description of Assets	Gross Block			Depreciation				Net Block		
	As at 01.04.2019	Additions during the year	Sales during the year	As at 31.03.2020	Upto 31.03.2019	For the Year	Withdrawn for the Year	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
Tangible Assets										
1. Land	18 35.55	-	-	18 35.55	-	-	-	-	18 35.55	18 35.55
2. Building	47 05.89	32.56	-	47 38.45	18 84.58	1 23.47	-	20 08.04	27 30.40	28 21.31
3. Machinery	1 92 54.07	1 14.43	2 06.98	1 91 61.52	1 00 24.78	5 24.03	1 65.03	1 03 83.77	87 77.75	92 29.29
4. Elec. Machinery	25 31.15	83.12	7.19	26 07.09	19 03.14	95.39	6.83	19 91.70	6 15.38	6 28.01
5. Furniture & Fixtures	4 12.92	0.35	-	4 13.27	3 86.36	4.08	-	3 90.44	22.83	26.56
6. Office Equipment	1 15.31	5.07	-	1 20.38	82.21	8.22	-	90.43	29.95	33.10
7. Motor Vehicles	2 93.29	12.64	11.98	2 93.95	1 32.45	26.76	5.35	1 53.87	1 40.08	1 60.84
8. Weighing Scale	20.25	-	-	20.25	19.24	-	-	19.24	1.01	1.01
9. Tools & Equipments	20.63	-	-	20.63	19.60	-	-	19.60	1.03	1.03
Intangible Assets	2 91 89.05	2 48.17	2 26.15	2 92 11.08	1 44 52.35	7 81.95	1 77.21	1 50 57.09	1 41 53.99	1 47 36.71
10. Software	7.12	-	-	7.12	7.07	-	-	7.07	0.05	0.05
TOTAL	2 91 96.17	2 48.17	2 26.15	2 92 18.20	1 44 59.42	7 81.95	1 77.21	1 50 64.16	1 41 54.04	1 47 36.76
Previous Year	2 82 56.19	11 62.00	2 22.02	2 91 96.17	1 38 06.39	8 49.75	1 96.72	1 44 59.42	1 47 36.76	1 44 49.80

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

NON-CURRENT INVESTMENTS

13. INVESTMENTS IN EQUITY INSTRUMENTS (At Cost)	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Non Trade- Quoted-Fully Paid up	Face value	Nos.	Nos.	Amount
Rajshree Sugars and Chemicals Ltd.	10	5,000	5,000	0.50
IDBI Bank Limited	10	14,240	14,240	11.57
Indian Bank	10	1,000	1,000	0.91
The South Indian Bank Ltd	10	4,323	4,323	0.61
Trade Investments - Quoted				
K G Denim Limited	10	3,065,183	3,065,183	4 23.85
Trade Investments - Unquoted				
iEnergy Wind farms (Theni) Private Limited	10	1,170	1,208	0.12
Watsun Infrabuild Pvt Ltd	10	1,78,934	3,04,248	17.89
Arkay Energy (Rameswaram) Ltd	10	7,56,502	7,62,226	75.65
Arja Energys Pvt Ltd	10	2,50,000	2,50,000	25.00
Vishnuvimal Yarns India Pvt Ltd	10	26,000	26,000	2.60
Cotton Sourcing Company Limited	10	10,000	10,000	1.00
Non Trade Investments - Unquoted				
National Saving Certificate				0.25
Kannapiran Mills Employee's Co-op. Stores Limited				0.04
Investment in Partnership Firm				
M/s. K G House (Madras)				7.94
				5 67.92
				5 81.02

Sri Kannapiran Mills Limited

Notes forming part of financial statements

		(₹ in Lakhs)	
		Amount	Amount
		31.03.2020	31.03.2019
<hr/>			
Aggregate Value of quoted investments			
Cost		4 37.43	4 37.43
Market value		5 28.28	15 10.08
Aggregate amount of unquoted investments		1 22.55	1 35.65
<hr/>			
14.	LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)			
Advances recoverable in cash or kind, for value to be received		74.94	74.94
Security Deposits		28.35	93.48
MAT Credit Entitlement		9 52.28	9 77.95
		-----	-----
		10 55.57	11 46.36
		-----	-----
15.	OTHER NON CURRENT ASSETS		
Long Term Trade Receivables		146.50	274.12
TUF Subsidy Receivable		67.99	39.02
		-----	-----
		2 14.49	3 13.15
		-----	-----
16.	INVENTORIES (At lower of cost or not realisable value)		
Raw Materials			
Cotton and Waste Cotton		12 01.25	8 32.72
Yarn		6 19.10	7 70.14
Work-in Progress		7 91.48	7 45.32
Finished Goods - Yarn		12 53.81	9 55.86
Finished Goods - Fabrics		17 76.15	18 13.56
Stock in Trade		40.00	40.00
Stores and Spares		2 36.72	2 36.65
Chemicals		1 13.95	80.97
		-----	-----
		60 32.45	54 75.21
		-----	-----
17.	TRADE RECEIVABLES		
(Unsecured, considered good)			
Outstanding for a period exceeding six months from the due date		2 92.27	3 00.80
Others		48 53.24	44 49.61
		-----	-----
		51 45.51	47 50.42
		-----	-----
18.	CASH AND BANK BALANCES		
Cash and Cash Equivalents			
Balances with Banks			
In Current Account		32.09	57.36
Cash on hand		25.53	8.67
Other Bank Balances			
Deposits held as margin money		4 16.28	4 25.24
		-----	-----
		4 73.90	4 91.27
		-----	-----

Sri Kannapiran Mills Limited

Notes forming part of financial statements

		(₹ in Lakhs)	
		Amount	Amount
		31.03.2020	31.03.2019
19. Short-Term Loans and Advances			
(Unsecured, Considered Good)			
Advances recoverable in cash or in kind, or for value to be received		16 30.71	15 22.02
Security Deposit		1 35.31	1 78.06
Prepaid expenses		84.61	61.18
Advance taxes (Net of Provisions thereof)		3 17.29	1 66.43
		21 67.93	19 27.69
20. OTHER CURRENT ASSETS			
Interest accrued on Bank Deposits		2.23	6.18
Income Receivable			
TUF Subsidy Receivable		84.20	1 09.66
Duty Draw Back Receivable		13.18	7.32
Conversion Charges Receivable		75.77	2 05.39
Excise Duty Receivable		0.20	3.96
GST Receivable		39.55	57.31
MEIS Premium Receivable		23.92	24.14
		2 39.06	4 13.95
21. Revenue from Operations			
a) Sale of Products			
Yarn		142 84.00	124 05.06
Glove		5 17.67	6 84.30
Fabric		118 44.53	128 28.54
Waste		1 47.18	1 40.62
		267 93.37	260 58.52
b) Sale of Services			
Conversion Charges-Others		34 40.84	42 68.43
		34 40.84	42 68.43
c) Other Operating Revenues:			
Export Incentives		1 49.89	1 29.20
		1 49.89	1 29.20
		303 84.10	304 56.14
22. Other Income			
Interest Income		32.25	46.14
Dividend Income		24.50	24.51
Profit on sale of assets		-	2 74.85
Foreign Exchange (gain)-Net		7.06	0.36
Miscellaneous receipts		98.32	1 28.97
		1 62.13	4 74.83

Sri Kannapiran Mills Limited

Notes forming part of financial statements

(₹ in Lakhs)

	Amount 31.03.2020	Amount 31.03.2019
23. Cost of Materials consumed		
Opening Stock		
Raw material - Cotton & Waste Cotton	15 94.50	17 05.37
Waste - Cotton	8.35	15.55
Add : Purchases - Cotton, Waste Cotton & Chemicals	153 87.52	149 64.55
	169 90.37	166 85.47
Less : Sale of Raw material	36.70	1 37.16
Less: Closing Stock		
Raw material - cotton & yarn	18 10.23	15 94.50
Waste - Cotton	10.12	8.35
	151 33.33	149 45.45
Details for Materials consumed		
Cotton, Waste cotton & yarn	139 78.67	138 34.44
Chemicals	11 54.66	11 11.01
	151 33.33	149 45.45
24. Changes in Inventory of Finished Goods and WIP		
Opening Stock		
Finished Goods - Yarn	9 07.97	5 88.66
Finished Goods - Fabrics	18 13.56	18 94.75
Finished Goods - Glove	47.89	10.61
Work in Process	7 45.32	7 94.81
Stock in Trade - Shares	40.00	40.00
	35 54.73	33 28.83
Closing Stock		
Finished Goods - Yarn	12 40.52	9 07.97
Finished Goods - Fabrics	17 76.15	18 13.56
Finished Goods - Glove	13.29	47.89
Work in Process	7 91.48	7 45.32
Stock in Trade - Shares	40.00	40.00
	38 61.43	35 54.73
Stock Increase / (Decrease)	306.70	2 25.91
25. EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	39 12.52	39 17.54
Contribution to Provident and other funds	1 28.10	1 31.56
Gratuity expenses	15.66	72.61
Welfare expenses	3 20.43	3 18.04
Managerial Remuneration	45.27	48.13
	44 21.97	44 87.88

Sri Kannapiran Mills Limited

Notes forming part of financial statements

(₹ in Lakhs)

	Amount 31.03.2020	Amount 31.03.2019
26. FINANCE COST		
Interest on Working Capital	13 67.33	11 70.57
Interest on Term loans	4 49.16	5 12.53
Bank Charges	74.54	79.34
	18 91.03	17 62.45
27. OTHER EXPENSES		
Consumption of stores and spare parts	56.47	2 37.71
Consumption of packing materials	2 93.69	3 34.36
Repairs to buildings	1 34.13	1 97.14
Repairs to machinery	9 63.73	12 04.14
Insurance	39.17	33.67
Rates and taxes, excluding, taxes on income	59.94	41.39
Accountancy and Legal charges	91.43	89.04
Filing Fees	0.17	0.51
Brokerage & Commission	2 67.79	2 93.42
Selling Expenses	2 39.87	2 34.21
Research and Development Expenses	4.32	4.32
Carriage Outwards	87.35	92.89
Lease Rent	37.85	42.56
Auditors Remuneration	-	-
Audit Fees	3.50	3.25
Tax Audit Fees	0.75	0.70
Certification Fees	0.07	2.07
Sitting Fees	1.95	3.41
CSR Expenses	19.50	20.90
Processing Charges	6 33.63	8 04.68
Prayer Hall Expenses	35.94	36.20
Foreign Exchange Fluctuation Loss (Nett)	-	24.54
Loss on Sale of Assets (Net)	3.96	-
Miscellaneous Expenses (Refer Note 22)	4 49.32	4 80.32
	34 24.53	41 81.43

28 Additional information to financial statement

1. Estimated amount of contracts remaining to be executed on capital accounts not provided for as on 31.03.2020 is Rs.87.93lakhs(Advance paid Rs 9.77) (31.03.2019 Rs.51.18 lakhs).
2. Future Hire Purchase charges payable as on 31.03.2020 is Rs.0.58 lakhs. (Previous year 1.19 lakhs)
3. Income-tax Assessment for the Assessment years 2018-19 and onwards is pending.

	a) Purchases	31.3.2020	31.03.2019
		(₹ lakhs)	
	i) Raw materials	--	41.10
	ii) Spares and components	147.39	160.26
	iii) Capital goods	6.10	509.29

Sri Kannapiran Mills Limited

	Imported	Indigenous	Imported	Indigenous
b) Consumption				
i) Raw materials Value (₹ lakhs)	--	15133.33	41.10	14904.35
As a % of total raw material consumption	--	100%	0.28%	99.72%
ii) Spares and components (₹ lakhs)	144.57	896.84	139.17	1302.67
As a % of total Spares and Components	13.88%	86.12%	9.65%	90.35%

	₹ Lakhs	₹ Lakhs
5. i) Expenditure in Foreign Currency		
Travelling Expenses	30.87	19.10
ii) Earnings in Foreign Currency on Export of Goods - FOB Basis Direct Export	4510.90	4316.59
iii) Export through Merchant Exporters	4.04	59.19
iv) Interest on Foreign Currency Loan	--	--

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

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

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

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

* The Kadri Mills (Cbe) Limited's (Demerged Company) Capital investment vested with M/s SKG Mills Limited (Resulting Company) vide NCLT, Single Bench, Chennai. Demerger Order CA / 67 & 68 / CAA / 2017 dated 11.12.2017.

8. Foreign Exchange Fluctuation gain of Rs 7.06 lakhs in respect of restatement of parties (after adjusting exchange fluctuation Loss of Rs 13.22 lakhs in respect of purchase of spares) is accounted in Profit & Loss account.

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

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

11. AS 15 Employee Benefits

A. Defined Benefit Plan

	31.03.2020	31.03.2019
I. Principal Actuarial Assumptions		
Discount Rate	6.85%	7.75%
Salary Escalation Rate	4.00%	4.00%
Attrition Rate	1.00%	1.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%

Sri Kannapiran Mills Limited

	(₹ in lakhs)	(₹ in lakhs)
II. Changes in the present value of the obligation (PVO) -	Gratuity	Gratuity
Reconciliation of Opening and Closing Balances	(Unfunded)	(Unfunded)
PVO as at the beginning of the period	4 12.09	359.52
Interest Cost	32.01	28.65
Current Service Cost	37.42	38.85
Past Service Cost - (Non Vested Benefits)	0	0
Past Service Cost - (Vested Benefits)	0	0
Benefits Paid	-34.41	-20.04
Actuarial loss / (gain) on obligation (balancing figure)	-11.02	-2.99
PVO as at the end of the period	436.08	412.09
III. Changes in the fair value of plan assets - Reconciliation of opening and closing balances		
Fair value of the plan assets as at the beginning of the period	0	0
Expected return on plan assets	0	0
Contributions	0	0
Benefits paid	0	0
Actuarial gain / (loss) on plan assets (balancing figure)	0	0
Fair value of plan assets as at the end of the period	0	0
IV. Actual return on plan assets		
Expected return on plan assets	0	0
Actuarial gain / (loss) on plan assets	0	0
V. Actuarial gain / loss recognised		
Actuarial gain / (loss) for the period - Obligation	-11.02	-2.99
Actuarial gain / (loss) on plan assets	0	0
Total gain / (Loss) for the period	-11.02	-2.99
Actuarial gain / (loss) recognised in the period	-11.02	-2.99
Unrecognised actuarial (gain) / loss at the end of the year	5.53	-5.18
VI. Expenses recognised in the statement of profit and loss		
Current service cost	37.42	38.85
Interest Cost	32.01	28.65
Expected return on plan assets	0	0
Net actuarial (gain)/loss recognised in the year	-11.02	-2.99
Expenses recognised in the statement of profit and loss	58.40	64.51
VII. Movements in the liability recognised in the balance sheet		
Opening Net Liability	412.09	359.52
Expense as above	69.43	75.60
Contribution paid	(34.41)	(20.04)
Closing Net Liability	436.08	412.09
Note:		
i. The salary escalation considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		
ii. Gratuity is based on last drawn basic salary. The scheme takes into account each completed year of service or part there of in excess of six months.		
B. Defined Contribution Plan		
Contribution to Provident Fund	128.10	131.56

Sri Kannapiran Mills Limited

12. AS-18 RELATED PARTY DISCLOSURES :

Names of related parties :

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

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

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

(₹ In Lakhs)

Particulars	Other Related Parties		Key Management Personnel		Relatives of Key Management Personnel	
	2020	2019	2020	2019	2020	2019
Purchase of Goods	133.18	131.90	-	-	-	-
Purchase of Power	608.95	607.86	-	-	-	-
Sale of Goods	452.08	161.85	-	-	-	-
Conversion charges (Receipt)	2785.09	3870.85	-	-	-	-
Conversion Charges Paid	44.08	16.05	-	-	-	-
Managerial Remuneration	-	-	73.26	58.57	-	-
Sitting Fees	-	-	-	-	0.20	0.50
Lease Rent paid - Land / Building / Machinery	21.99	21.95	-	-	19.85	18.92
Interest paid on Intercompany Deposit	29.33	16.00	-	-	-	-
Balance Outstanding as on March 31st						
Payables	-	-	3.00	3.00	-	-
Receivables	1114.60	813.23	-	-	-	-

13. AS-19 LEASES

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

Particulars	31.03.2020	31.03.2019
Not later than one year	38.56	18.00
Later than one year but not later than five years	10.15	18.00
Later than Five years	--	--

14. AS-20 EARNINGS PER SHARE

	31.03.2020	31.03.2019
Net Profit After Tax and adjustments	(46.29)	651.76
Weighted average No of Equity Shares	54,19,928	36,36,579
Basic & Diluted Earnings Per Share	(0.85)	17.92
(Face value of ₹ 10/- each)		

Sri Kannapiran Mills Limited

15. AS – 22 DEFERRED TAX LIABILITY

(₹ In Lakhs)

	Opening as on 01.04.2019	Adjustments made during the year	Closing as on 31.03.2020
Deferred Tax Liability			
Depreciation	1942.19	26.05	1968.24
Total	1942.19	26.05	1968.24
Deferred Tax Asset			
On Account of Lossess	-944.48	-102.46	842.02
Provision for Gratuity (Net)	115.38	6.72	122.10
Amalgamation Expenses	1.23	7.13	8.36
Total	1061.10	-88.61	972.48
Net Deferred Tax Asset / (Liability)	881.09	114.66	995.76

- 16 a) The Company had taken input credit on Furnace oil used for producing power in the year 2006-07 under Tamilnadu VAT Act. The Commercial Tax Department, Tamilnadu disputed the above and demanded reversal of input tax credit of Rs.57.69 Lakhs and the Company had filed an appeal with Madras High court and the same is pending. The Company had paid an amount of Rs 20 lakhs in this regard "under protest". The Company has fair chances of winning the appeal and hence not provided the same in accounts.
- b) TANGEDCO, Tamil Nadu is demanding E -Tax on Maximum Demand charges and self generation Tax on units generated through windmills/D G sets. The Company has gone for appeal and the same is pending before the Supreme Court. An amount of Rs 162.23 lakhs towards self Generating Tax and Rs 179.74 lakhs towards E-tax payable on MD and Deemed charges are pending as on 31.03.2020 and shown as liability in the books of accounts.
- c) The Company has preferred on appeal with the Commissioner of Income Tax (Appeals) Coimbatore in respect of disallowance u/s 14A of Rs 17,39,281 as against Company's disallowance of Rs 14,530 relevant to Assessment year 2014-15 This as resulted in decrease in carried forward loss of Rs17,39,281.
- d) For the Assessment year 2016-17 while passing the Assessment order under Sec.143 (3) the Assessing Officer has treated a sum of Rs 10 Lakhs u/s 69A. The Company has disputed the said addition before Commissioner of Income Tax (Appeals), Coimbatore.
- 17 Power charges shown in the statement of profit and loss account is net of wind energy charges to the extent of Rs.170.05 lakhs adjusted by TNEB.
- 18 Arrears of Dividend on Preference shares (to be issued) as on 31.03.2020 is Rs 81 lakhs (Previous year 72.90)

Sri Kannapiran Mills Limited

Impact of COVID-19

19 In March 2020, the World Health Organization declared COVID-19 to be a pandemic. In compliance with the Statutory Lockdown Directions announced by Govt. of India applicable to all industries and Companies in India, the operations of the Company were suspended from 24.3.2020 with relaxations in respect of Exports from end April'20. After lifting/relaxation of the Lockdown the operations commenced partially and gradually with restricted work force in line with the Guidelines with effect from 6th May'2020. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. In view of the pandemic, the Company has considered internal and external information and has performed an analysis based on current estimate while assessing the recoverability of assets including trade receivable inventories and other current /non –current assets (net of provision established of any possible impact on the standalone financial statement. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial controls etc, and is of the view that based on its present assessment; this situation does not materially impact this financial statement. The Management believes that the Company will not have challenge in meeting financial obligation for the next 12 months. In this regard, the Company will continue to closely monitor any material changes to future economic condition.

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

		31.03.2020	31.03.2019
a)	Principal amount due	23.90	18.99
	Interest due on above	-	-
b)	Interest paid during the period beyond the appointed date	-	-
c)	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	-	-
d)	Amount of interest accrued and remaining unpaid at the end of the period	-	-
e)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprise for the purpose of disallowance as a deductible expenditure under Sec 23 of the Act	-	-

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

22. **Details of Miscellaneous expenses :** (₹ In Lakhs)

	31.03.2020	31.03.2019
Printing & Stationary	31.63	23.94
Postage & Telephone	63.05	62.11
Subscription, newspaper & Advertisement	17.76	6.72
Travelling and maintenance of vehicle	297.84	296.83
Garden maintenance	3.37	3.35
Agriculture expenses	4.38	6.31
Repairs & maintenance - others	22.32	24.52
Donation	1.00	1.00
General Expenses	9.19	55.54
	449.52	480.32

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

See accompanying notes to the financial statements

(Sd/-) **KG Balakrishnan**

Chairman

DIN No : 00002174

In terms of our Report of even date

For **Gopalaier and Subramanian**

Firm Regd. No.000960S

Chartered Accountants

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

Coimbatore

01st October 2020

Partner

Membership No. 027497

(Sd/-) **B Sriramulu**

Managing Director

DIN No : 00002560

(Sd/-) **G Krishnakumar**

Chief Financial Officer

(Sd/-) **B Srihari**

Managing Director

DIN No : 00002556

(Sd/-) **K Jayaraj**

Company Secretary

PERFORMANCE OVER THE YEAR

(₹ in thousands)

	For the year ended March 31										
	2011	2012	2013	2014	2015	2016	2017	2018	2019 *	2020 *	
Net Sales	1 25 73 36	1 16 39 75	1 17 31 18	1 26 41 98	1 29 89 89	1 08 40 73	1 18 69 79	1 34 29 26	2 60 58 52	2 67 93 37	
(less excise duty)	27 82 64	32 98 48	37 57 62	48 34 42	52 94 67	58 51 44	57 43 25	55 42 36	42 68 43	34 40 84	
Conversion Charges	90 83	2 17 20	2 15 22	1 81 62	2 50 38	2 42 51	2 29 30	1 70 44	6 04 03	3 12 02	
Other Income											
Profit before Interest and Depreciation	20 65 30	8 97 12	11 16 10	17 49 84	23 07 73	24 55 79	23 27 05	23 64 28	33 78 21	27 54 82	
Financial Charges	10 84 21	10 38 22	10 42 60	10 76 92	11 93 51	10 38 07	8 53 40	7 62 24	17 62 44	18 91 03	
Depreciation	5 89 35	6 00 30	6 15 16	6 28 19	4 34 65	4 42 21	4 55 70	4 61 26	8 49 75	7 81 75	
Profit before Taxation	3 91 75	-7 41 04	-5 41 66s	44 73	6 79 57	9 75 51	10 17 95	11 40 78	7 66 02	82 04	
Profit after Taxation	3 91 75	-7 41 04	-5 41 66	44 73	6 79 57	9 70 86	9 99 16	8 77 73	7 66 02	-46 30	
Gross Fixed Assets	1 47 76 66	1 52 86 80	1 55 95 87	1 58 86 88	1 64 91 08	1 66 15 07	1 63 88 28	1 73 26 31	2 91 96 17	2 92 11 08	
Net Fixed Assets	67 86 06	66 98 99	64 85 17	63 69 42	70 66 48	69 98 68	70 10 37	75 29 54	1 47 36 76	1 41 54 04	
Share Capital	3 68 30	3 68 30	3 68 30	3 68 30	3 68 30	3 68 30	3 63 66	3 63 66	6 77 00	6 77 00	
Reserves & Surplus	34 52 26	29 35 43	25 28 30	25 76 59	30 18 22	36 89 14	43 77 99	51 84 64	80 69 43	80 23 14	
Deferred Tax Liability	7 04 15	4 78 81	3 44 28	3 40 54	5 20 57	8 20 51	11 09 77	11 66 00	8 81 09	9 95 76	
Long Term Borrowings	43 26 20	40 97 49	49 99 62	43 46 68	39 32 57	29 74 96	24 12 00	20 33 82	51 27 38	40 27 92	
Debt Equity Ratio	0.98	1.24	1.39	1.34	1.02	0.73	0.51	0.30	0.51	0.46	
Current Ratio	1.22	1.17	1.21	1.09	1.01	1.02	1.07	1.05	1.12	0.95	

* 2019 & 2020 Performance includes figures of merged entity