



**SRI KANNAPIRAN MILLS LIMITED**

CIN : U17111TZ1946PLC000188

Registered Office: Sowripalayam, Coimbatore 641 028

Phone 0422 - 2351111 : Fax 0422 – 2351110

Email: [csd@kannapiran.co.in](mailto:csd@kannapiran.co.in) Website : [www.kannapiran.co.in](http://www.kannapiran.co.in)

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 76th Annual General Meeting of the Members of Sri Kannapiran Mills Limited will be held on Wednesday the 28th day of September 2022 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 2022, 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.
3. To appoint the Statutory Auditors of the Company, and, if thought fit, to pass the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit and Auditors) Rules, 2014, including any statutory enactment or modification thereof, M/s Gopalaiyer and Subramanian, Chartered Accountants, (Firm Registration No.000960S) be and are hereby reappointed as the Statutory Auditors of the Company, to hold office for a second term of five years commencing from the conclusion of 76th Annual General Meeting till the conclusion of 81st Annual General Meeting of the Company, on such remuneration as shall be decided by the Board of Directors of the Company.

**SPECIAL BUSINESS:**

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

RESOLVED THAT Mr G P Muniappan (DIN : 01653599) who was appointed as an Additional Director by the Board under Section 161 of the Companies Act, 2013 and Articles 77 of the Association of the Company and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing, under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose him as a candidate for the office of an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years, with effect from 19.02.2022 pursuant to the provisions of Section 149, 152 and 161 read with Rule 5 of Companies (Appointment and Qualification) Rules, 2013.

RESOLVED FURTHER THAT Board of Directors of the Company, be and are hereby authorized to file the necessary documents / form(s) with the Registrar of Companies and to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.

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

RESOLVED THAT pursuant to the provisions of Sections 149 read with Rule 5 of Companies (Appointment and Qualification) Rules, 2013 and 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr K B Nagendra Murthy

(DIN : 00359864), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby re-appointed to hold office for a term from 27.03.2022 to 26.03.2027, and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT Board of Directors of the Company, be and are hereby authorized to file the necessary documents / form(s) with the Registrar of Companies and to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.

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

RESOLVED THAT Mrs V Bhuvaneshwari (DIN : 01628512) who was appointed as an Additional Director by the Board under Section 161 of the Companies Act, 2013 and Articles 77 of the Association of the Company and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing, under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose her as a candidate for the office of an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years, with effect from 18.05.2022 pursuant to the provisions of Section 149, 152 and 161 read with Rule 5 of Companies (Appointment and Qualification) Rules, 2013.

RESOLVED FURTHER THAT Board of Directors of the Company, be and are hereby authorized to file the necessary documents / form(s) with the Registrar of Companies and to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.

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

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Meetings of Board and its Powers) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and the Articles of Association of the Company, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board) for creation of charge / mortgage / pledge / hypothecation / security in addition to existing charge / mortgage / pledge / hypothecation / security, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and / or immovable properties, tangible or intangible assets of the Company, both present and future and / or the whole or any part of the undertaking(s) of the Company, as the case may be in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowings availed / to be availed by the Company by way of loan(s) (in foreign currency and / or rupee currency) and securities (comprising fully / partly convertible debentures and/or non convertible debentures with or without detachable or non detachable warrants and / or secured premium notes and / or floating rate notes / bonds or other debt instruments), issued / to be issued by the Company subject to the limits approved under Section 180(1)(c) of the Act together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s), Debenture Trust Deed(s) or any other document, entered into / to be entered into between the Company and the Lender(s) / Agent(s) / Trustee(s) / State Government(s) / Agency(ies) representing various state government and/or other agencies etc. in respect of the said loans / borrowings / debentures / securities / and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s) / Agent(s) / Trustee(s) / State Government(s) / Agency(ies), etc.

RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank prior / pari passu / subservient with / to the mortgages and /or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board and as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle, and execute such documents / deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid.”

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

“RESOLVED THAT pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and Rules made there under and any amendment thereto as are made from time to time and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into a contract(s)/transactions for a period of 3 years with K G Denim Limited, 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. 60 Crores.

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

“RESOLVED THAT pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and Rules made there under and any amendment thereto as are made from time to time and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into a contract(s) / transactions for a period of 3 years with Sri Balamurugan Textile Processing Limited, a related party, within the meaning of the aforesaid law, on such terms and conditions as may be mutually agreed upon, to purchase or sell or lease or supply of any material/power and availing of / rendering of services like conversion of cotton / fibre into yarn, yarn into fabrics, processing of yarn and fabrics or provision of any services, the value of which all taken together may exceed ten per cent of the turnover of the Company, however, to that the value of transactions aforesaid during any financial year shall not exceed in aggregate Rs. 60 Crores.

10. 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 2023 on a remuneration of Rs. 85,000/- (Rupees Eighty Five Thousand only) plus applicable taxes and re-imbusement of travelling and out of pocket expenses incurred by him for the purpose of audit be and are hereby ratified and confirmed.

Coimbatore  
22.08.2022

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

## NOTES :

1. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed hereto.
2. In view of the massive outbreak of the COVID-19 pandemic, the Government of India, Ministry of Corporate Affairs allowed conducting Annual General Meeting (AGM) through video conferencing (VC) or other audio-visual means (OAVM). Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and General Circular No.02/2021 dated January 13, 2021, Circular No.19/2021 dated 08.12.2021, Circular No.21/2021 dated 14.12.2021 and Circular No.2/2022 dated 05.05.2022 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 76th 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.
3. 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.
4. 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.
5. 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](mailto:mrln54@gmail.com) with copies marked to the Company at [csd@kannapiran.co.in](mailto:csd@kannapiran.co.in) and to its Registrars and Share Transfer Agents at [investor@cameoindia.com](mailto:investor@cameoindia.com)
6. In compliance with the aforesaid MCA Circulars, Notice of the 76th AGM to be held on 28.09.2022 along with Annual Report of the financial year 2021-22 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 2021-22 is also available on the Company's website [www.kannapiran.co.in/members](http://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](mailto:csd@kannapiran.co.in) and [investor@cameoindia.com](mailto:investor@cameoindia.com) The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. 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.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 22.09.2022 to 28.09.2022 (both days inclusive).
9. 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.

10. 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.
11. As per the provisions of Section 72 of the Act, facility for making nominations is now available to individuals holding shares in the Company.
12. 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.
13. 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.
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](mailto:csd@kannapiran.co.in)
17. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Secretarial Standard on General Meetings (SS-2) and as per MCA Circulars dated 08.04.2020, 13.04, 2020, 05.05.2020, 13.01.2021, 08.12.2021, 14.12.2021 and 05.05.2022 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
18. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

19. In continuation of this Ministry's General Circular No. 20/2020, dated 05.05.2020 General Circular No: 02/2021 dated 13.01.2021, General Circular no : 19/2021 dated 08.12.2021 and 21/2021 dated 14.12.2021, it has been decided to allow companies whose AGMs were due to be held in the year 2022, to conduct their AGMs on or before 31.12.2022, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA Circular No. 02/2022 dated 05.05.2022.

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

- i. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as of the cut-off date, i.e. 21.09.2022, may refer to this Notice of the Annual General Meeting, posted on Company's website [www.kannapiran.co.in](http://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 25.09.2022 at 9.00 AM (IST) and ends on 27.09.2022 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 21.09.2022 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 21st September, 2022
- vi. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote by remote e-voting shall not vote by e- voting conducted during the Annual General Meeting.
- vii. The Company has appointed Mr.M.R.LNarasimha, (CP No: 799) Company Secretary in Practice , as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- viii. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow e-voting for all those members who are present at the Annual General Meeting by electronic means but have not cast their votes by availing the remote e-voting facility.
- ix. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes casted during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

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

- x. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

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

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</p> <p>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com">https://evoting.cdslindia.com</a></p> <p><a href="https://evoting.cdslindia.com">/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders holding securities in demat mode with NSDL	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
Individual Shareholders holding securities in demat mode with NSDL	<p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e- Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at Toll Free No. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at Toll Free No. 1800 22 55 33

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

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  1. For CDSL: 16 digits beneficiary ID,
  2. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  3. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

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

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

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

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

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

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

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

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at Toll Free No. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call Toll Free No. 1800 22 55 33

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

Coimbatore  
22.08.2022

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

**Item No.4**

Mr G P Muniappan (DIN : 01653599) is a Non-Executive Independent Director of the Company. He was appointed an Additional Director of the Company on 19.02.2022 by the Board of Directors of the Company.

Mr G P Muniappan, aged 81 Years and a University Rank Holder in M.A. Economics and also holds Post Graduate Diploma in Bank Management and C.A.I.I.B.

He joined R.B.I. during 1965 as Junior Officer. His dedication and efficiency elevated him to the highly responsible and prestigious position of 'Deputy Governor' of R.B.I in 2001, after serving its various Departments in different capacities viz., Regional Director, Executive Director etc.

He also held high positions such as Chairman of Bank of Madura, R.B.I.'s Nominee on the Boards of SEBI, Indian Overseas Bank, Indian Bank and as a Trustee of U.T.I.

He has specialized in the areas of Forex Management, Banking operations, Banking Regulations and supervision.

He is also in the Board of K.P.R Mill Limited, K.P.R Sugar Mill Limited Quantum Knits Private Limited and Jahnvi Motor Private Limited.

Mr G P Muniappan is a Director, whose period of office is not liable to determination by retirement of directors by rotation under Companies Act, 2013. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr G P Muniappan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term from 19.02.2022 to 18.01.2027. A notice has been received from a member proposing Mr G P Muniappan as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr G P Muniappan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr G P Muniappan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr G P Muniappan as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr G P Muniappan as an Independent Director, for the approval by the shareholders of the Company.

Except Mr G P Muniappan, being an appointee, none of the Directors and Key Managerial Personnel of the Company is concerned or interested, financial or otherwise, in the resolution set out at Item No.4.

**Item No.5**

Mr K B Nagendramurthy joined the Board of Directors of the Company in 27.03.2017. He is a Non-Executive Independent Director. He is a Member of the Audit Committee and Nomination and Remuneration Committee of the Company.

Mr K B Nagendramurthy, aged 72 years is a Gold Medalist in M.Com and also holds Ph.d and CAIIB.

He has rich experience in Banking Sector. He is in the Board of Rajapalayam Mills Limited.

The term of office of Mr K B Nagendramurthy as an Independent Director expired on 26.03.2022.

In terms of Section 149 read with Rule 5 of the Companies (Appointment and Qualification) Rules, 2013

and Section 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and recommendation of Nomination and Remuneration Committee, Mr K B Nagendramurthy being eligible and offering himself for reappointment, was reappointed by the Board on 19.02.2022 as an Independent Director for 5 years from 27.03.2022 to 26.03.2027 subject to the approval of the members of the Company at a General Meeting.

.In the opinion of the Board, Mr K B Nagendramurthy fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr K B Nagendramurthy as an Independent Director.

Accordingly, the Board recommends the resolution in relation to reappointment of Mr K B Nagendramurthy as an Independent Director, for the approval by the shareholders of the Company.

Except Mr K B Nagendramurthy, being the re appointee, none of the Directors and Key Managerial Personnel of the Company is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

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

Mrs V Bhuvaneshwari is a Non-Executive Independent Director of the Company. She was appointed an Additional Director of the Company on 18.05.2022 by the Board of Directors of the Company.

Mrs V Bhuvaneshwari, aged 60 Years. She is a Bachelor of Commerce and holds Bachelor of Law from Bharathiar University.

Mrs V Bhuvaneshwari, Partner of the Firm M/s. Ramani & Shankar, Advocates since 1996, has 36 years experience specializing exclusively in Corporate and Allied Laws and experience in Joint Ventures, Mergers and Acquisitions, Collaborations and Technology Transfers.

She is in the Board of M/s. Precot Meridian Limited, M/s. Elgi Rubber Limited and M/s. Kovai Medical Center and Hospital Limited as Independent Director and in the Board of M/s. Chansuba Pumps Private Limited as a Director. Besides she is in the Audit Committee and Nomination and Remuneration Committee of M/s. Precot Meridian Limited, M/s. Elgi Rubber Limited and M/s. Kovai Medical Center & Hospital Limited.

Mrs V Bhuvaneshwari is a Director, whose period of office is not liable to determination by retirement of directors by rotation under Companies Act, 2013. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mrs V Bhuvaneshwari being eligible and offering herself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term from 18.05.2022 to 17.05.2027. A notice has been received from a member proposing Mrs V Bhuvaneshwari as a candidate for the office of Director of the Company.

In the opinion of the Board, Mrs V Bhuvaneshwari fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mrs V Bhuvaneshwari as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that her association would be of immense benefit to the Company and it is desirable to continue to avail services of Mrs V Bhuvaneshwari as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mrs V Bhuvaneshwari as an Independent Director, for the approval by the shareholders of the Company.

Except Mrs V Bhuvaneshwari, being an appointee, none of the Directors and Key Managerial Personnel of the Company is concerned or interested, financial or otherwise, in the resolution set out at Item No.6.

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

Section 180(1)(a) of the Companies Act, 2013, inter-alia, provides that the Board of Directors of a Public Company shall not, without the consent of such public Company in general meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole of any such undertakings. Since mortgaging and / or charging by the Company of its immovable and movable properties, as aforesaid, in favour of the aforesaid Bank may be regarded as disposal of the Company's properties / undertaking, it is necessary to obtain the approval of the members for the resolution under Section 180(1)(a) of the Companies Act, 2013 before creation of the said charge.

As a security for the loans sanctioned/to be sanctioned by Financial Institutions/banks/other Corporate Bodies, the Company would be required to give mortgage and/or charge all the movable and immovable properties of the Company, both present and future.

The Board recommends the resolution for your approval as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company is in any way concerned or interested in the resolution.

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

The Companies Act, 2013, under section 188, inter alia, provides that no contract or arrangement or transactions for sale, purchase or supply of any goods or materials 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 1.04.2022 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, processing of yarn and fabrics, purchase / sale of cotton, fibre, yarn, waste, capital goods, purchase of power with K G Denim Limited, a related party 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 purchase of yarn, fabrics and conversion works with their quality specifications. It has been doing transactions with them since 1994 i.e., for the last 28 years.

The Company and K G Denim Limited had existing contract from 01.04.2020 for a period of three years. Due to the increase in rate / price / conversion charges, the monetary value of the transactions at Rs. 49 Crores per financial year has to be increased to Rs. 60 Crores per financial year.

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 K G Balakrishnan  
Mr B Sriramulu  
Mr B Srihari  
Mr A Velusamy
3. Nature of relationship : A Public Company in which a Director is a Director holds along with relatives more than 2% of its paid up capital.
4. Monetary value :

Estimated aggregate contract value for the matters proposed in the Resolution will not exceed Rs.60 Crores in any financial year 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.
- v) Period of contract : 3 years from 01.04.2022.

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.

#### **Item No.9**

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

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

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

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

The Company and Sri Balamurugan Textile Processing Limited had existing contract for a period of three years for an amount of Rs. 40 Crores. The Company propose to increase this amount to Rs. 60 Crores. The particulars of the contracts / transactions, pursuant to para 3 of Explanation (1) to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are as under :

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

Estimated aggregate contract value for the matters proposed in the Resolution will not exceed Rs. 60 Crores in any financial year for Purchase of Materials / Lease of Capital Goods / Sale of Materials / and Availing / Rendering of Services.

**Nature, material terms and particulars of arrangement :-**

- i) The Lease Rent at market value.
- ii) The Conversion charges are being arrived based on Cost Plus method.
- lii) Purchase / Sale of Cotton / Fibre, waste, fabrics and yarn at market prices.

Period of contract : 3 years from 01.04.2022.

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

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

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

**Item No.10**

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 2023. 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.10 of the notice for ratification of the remuneration of the Cost Auditor for the financial year 2022-2023.

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.

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

Coimbatore  
22.08.2022

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

Name	Mr K G Balakrishnan	Mr K B Nagendramurthy	Mr G P Muniappan	Mrs V Bhuvaneshwarii
DIN	00002174	00359864	01653599	1628512
Date of Birth	06.03.1940	22.07.1950	26.05.1941	05.02.1962
Date of appointment on the Board	07.08.1971	27.03.2017	19.02.2022	18.05.2022
Inter-se relationship with other directors or Key Managerial Personnel of the Company	He is related to Dr G Bakathavathsalam Director, Mr B Sriramulu and Mr B Srihari, Managing Directors of the Company.	He is not related to any of the Directors or Key Managerial Personnel of the Company.	He is not related to any of the Directors or Key Managerial Personnel of the Company	She is not related to any of the Directors or Key Managerial Personnel of the Company
Qualification	B.Com., B.L.,	M.Com., CAIIB, Phd	M.A., CAIIB, PGDBM	B.Com., B.L.,
Experience/ Expertise in functional areas	He 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 government agencies.	He is a gold medalist in M.Com and holds Ph.d and C.A.I.I.B. He is having rich experience in Banking Sector.	He is a University Rank Holder in M.A. Economics and also holds Post Graduate Diploma in Bank Management and C.A.I.I.B. He joined R.B.I. during 1965 and elevated to the highly responsible and prestigious position of 'Deputy Governor' of R.B.I in 2001, after serving its various Departments in different capacities viz., Regional Director, Executive Director etc. He also held high positions such as Chairman of Bank of Madura, R.B.I.'s Nominee on the Boards of SEBI, Indian Overseas Bank, Indian Bank and as a Trustee of U.T.I. He has specialized in the areas of Forex Management, Banking operations, Banking Regulations and supervision.	She is a Bachelor of Commerce and holds Bachelor of Law from Bharathiar University.  She is a Partner of the Firm M/s. Ramani & Shankar, Advocates since 1996, has 36 years experience specializing exclusively in Corporate and Allied Laws and experience in Joint Ventures, Mergers and Acquisitions, Collaborations and Technology Transfers.

No. of Shares held	670434	-	-	-
Board Position held	Director	Independent Director	Independent Director	Independent Director
Terms and conditions of appointment/ re-appointment	Liable to retire by rotation	He is proposed to be reappointed as Independent Director as specified in Item No. 5 of the Notice.	He is proposed to be reappointed as Independent Director as specified in Item No. 4 of the Notice.	She is proposed to be appointed as Independent Director as specified in Item No. 6 of the Notice.
Remuneration sought to be paid	Sitting Fee	Sitting Fee	Sitting Fee	Sitting Fee
Number of Board meetings attended	5	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 Crocodile India Private Limited KGB Education Foundation Ramhari Orchids LLP	Rajapalayam Mills Limited JKR Enterprise Limited	K. P. R Mill Limited, K.P.R Sugar Mill Limited Quantum Knits Private Limited and Jahnvi Motor Private Limited.	Precot Meridian Limited, Elgi Rubber Limited Kovai Medical Center and Hospital Limited Chansuba Pumps Private Limited
Chairmanship / Membership of the Committees of the Board of other Companies in which he/she is Director	Executive Chairman K G Denim Limited-	-	-	Precot Meridian Limited, Elgi Rubber Limited Kovai Medical Center and Hospital Limited. Audit Committee and Nomination and Remuneration Committee member

Coimbatore  
22.08.2022

**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, 2022**



# 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  
SIPCOT, PERUNDURAI  
KALAPATTI  
&  
P. PULIAMPATTI

## 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)  
Vice Chairman

**B SRIRAMULU** (DIN : 00002560)

**B SRIHARI** (DIN : 00002556)  
Managing Directors

**A VELUSAMY** (DIN : 00002204)

**K N V RAMANI** (DIN : 00007931)  
(upto 31.03.2022)

**V ARUNACHALAM** (DIN : 00051327)  
(upto 31.03.2022)

**K B NAGENDRA MURTHY** (DIN : 00359864)

**K VANITHAMANI** (DIN : 00051410)

**R SEENIVASAHAN** (DIN : 09024674)

**G P MUNIAPPAN** (DIN : 01653599)  
(w.e.f.19.02.2022)

**V. BHUVANESHWARI** (DIN : 01628512)  
(w.e.f.18.05.2022)

## Vice President & Chief Financial Officer

**G KRISHNAKUMAR**

## Vice President & Company Secretary

**K JAYARAJ**

## Auditors

**M/s GOPALAIYER AND 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

HDFC BANK LIMITED, Coimbatore

UNION BANK OF INDIA, Coimbatore

# Sri Kannapiran Mills Limited

## DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in submitting their 76th Annual Report and audited financial statements of your Company for the year ended March 31, 2022.

Summary of Financial Results

(₹ in Lakhs)

	Year ended March 31,	
	2022	2021
Income	49577.23	25488.17
Gross Profit before financial Charges, depreciation and taxes	6522.38	2844.92
Less: Financial Charges	1664.27	1766.86
Depreciation	830.19	757.83
Profit Before Tax	4027.92	320.23
Less: Current Tax (MAT)	-724.00	-50.65
MAT Credit Entitlement	233.26	50.65
Deferred Tax Liability	-762.90	-91.87
Prior year Expenses	-1.90	-
Profit (Loss) After Tax	2772.83	228.36
Less Appropriation - Dividend on Preference Shares	-96.84	-
Profit Carried to Balance Sheet	2675.54	228.36

### State of Company Affairs

During the year under review, the Company had earned revenue of ₹ 49577 lakhs and earned Net Profit After Tax of ₹ 2772 Lakhs.

### Spinning Business

The yarn production for the year was 189 lakhs kgs compared to previous year of 134 lakhs kgs which was low due to Covid 19 related issues. The Company has been increasing productivity in its machines by continuous modernization. The main raw material viz., Cotton price which was normal at the time of cotton season starting period however went up during the last quarter of the year substantially. However good yarn demands both in domestic and export market coupled with better price realization has helped the Company to get substantial net margins during the year. The Company is changing its product mix in line with the changing market scenario and which resulted in better sales and margins. The Company is continuously sourcing its 100% power requirements from firm and continuous private power suppliers which are lower than TANGEDCO prices.

### Weaving Business

The Denim fabric production for the year was 86 lakhs metres compared to previous year of 49 lakhs metres. Grey fabric loom production for other customers was 29 lakhs metres compared to 42 lakhs metres of previous year.

Denim Industry today finds itself in odds due to exorbitant cotton prices. Price increase in cotton is impacting the entire textile industry including denim segment.

The major raw materials for denim are cotton, polyester cotton and chemical fiber. Denim Industry today finds itself in odds due to exorbitant cotton prices. Price increase in cotton is impacting the entire textile industry including denim segment.

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# Sri Kannapiran Mills Limited

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The Company's trademarked products GREEN DNM, PRODUCT ZERO and NATURE'S BLUE are gaining access into the international markets.

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

Another digital revolution introduced by the company is the "Indigo Genie", an online chatbot incorporated in KG Fabriks' website, which gets the input from buyers about their specific fabric requirement and shows the digital images of similar qualities immediately.

Recently, more number value added denims like Coated Denims and Tinted Denims are added into the product portfolio which give different wash down looks and hence most sought after by the brands at the moment. Pink Indigo Denim series is one more addition which is a all-season color for men, women and kids.

The Company is partnering with a number of brands in Europe and UK by virtue of company's sustainability efforts. The Company is "Join Life" partner with Inditex was awarded the Most Preferred Supplier by Tesco, ECP number holder of M&S, nominated by Next, to name a few.

## Industry Structure & Developments

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

The textile industry is also labor intensive and is one of the largest employers. The textile industry employs about 3.80 Crores workers directly. Growth in demand is expected to continue at 14 per cent CAGR to reach USD 209 billion by 2029.

The Indian Textile Industry contributes approximately 4% to India's Gross Domestic Product (GDP) and 20 per cent of manufacturing production. Textiles sector is one of the largest contributors to India's exports with approximately 30 per cent of total export earnings. India is the world's second largest exporter of textiles and clothing. India's textile and apparel export is expected to increase over the years.

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

Cotton production in India was 35.20 million bales in financial year 2021 and expected to be at 34.06 million bales in financial year 2022 due to lower acreage and yield. India is the third largest producer of cotton accounting for 36% of the global cotton area and contributes to 22% of the global cotton production. Cotton prices ruled favorably during the start of season and however went up sharply in last quarter due to lower cotton production.

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# Sri Kannapiran Mills Limited

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The demand for Ring and Open end yarn was increased during the current year and the margin was also improved. The demand for denim fabrics was also good during the year and the margins were improved compared to previous year. Power position in Tamil Nadu was stable during the year.

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

The company is able to sell its products in view of varied product mix viz., Compact yarn, Slub yarn, polyester yarn, denim yarn, glove yarn, denim fabrics and industrial fabrics. The Company had exported ₹ 97 crores during the year. The Company had dealer network at various places in India to meet the end user's requirements immediately.

The Growth of India's real GDP was at 8.70% in 2021-22 [-6.6% a year ago due to Covid 19 crisis). All components of domestic demand were driven down, except government final consumption expenditure which provided sustained support to aggregate demand. Industrial sector activity improved post covid 19 crisis during 2021-22 considerably in manufacturing and service sector.

## 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. Xinjiang cotton issue in China added up fuel to the fire. Most of the global brands are looking for China + 1 country and India is their first choice.

The industry is witnessing increased e commerce sales and digitalization of supply chain. This is likely to pave way for India to earn global attention as we are strengthening ourselves in this front.

It is expected that Large and Mid-sized Denim Players will continue increasing the share of premium and high-value added denim fabric through premiumisation, vertical integration and consolidation as the oversupply situation has prolonged and squeezed margins in the mass segments.

It is also expected that Company will stand to gain in a large way mainly due to sustainable efforts in water conservation, green energy and reuse for weaving and processing of fabric. The company sells its denim fabric under brand names Green Dnm, Product Zero and Nature's Blue. The Company holds several certifications for process and product quality which all will enable increase in volumes, sales and profits over the future years.

## Threats

Leading global brands reduced scale of operations not booking new orders on continuing Covid, slowdown of economy, Ukraine war which deeply added to the woes of Indian players causing huge job losses across the value chain.

Recession in European Union / United Kingdom order cancellation by US customers is another threat.

However the industry is expected to revive gradually in long run. First half of FY 23 is however expected to be tough on account of rising input costs and lower demand. 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. Expected reduction of cotton prices in next season and revival of yarn demand and apparel segments demand will help to improve sales and profitability.

There is shortage of skilled labor in the industry despite India having a favorable demographic profile. Covid 19 has caused migration of labor. With slow easing of the impact, industry expects normalcy during the current year. It is expected that this will lead to more innovation and automation of operations. The widening political issues between Russia and Ukraine & other countries will impact exports.

### **Segment wise or product wise performance**

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

### **Outlook**

Overall, FY 2023 is expected to be a good year for the textile industry due to expected domestic and overseas demand and major focus shall be on cost cutting measures, improving productivity, value added sustainable products, reduction in wastage and efforts on taking quality to next level and deriving efficiency to make products further cost competitive. Further, the Division plans to make some structural changes in organization to make it lean and agile and focus will be on giving improved services to customers to retain market share.

Vantage Market Research's recent analysis of the Global Denim Market finds that increasing popularity of denim clothes among people is expediting Market growth. Primarily driven by increasing influence of the social media platforms, the total Global Denim Market is estimated to reach USD 161.3 Million by the year 2028.

Denim Market is estimated to establish a 6.67% Compound Annual Growth Rate (CAGR) with USD 108.32 Billion throughout the forecast period of 2022-2030. The Global Denim Jeans market was forecast to be worth around 87.4 Billion US Dollars by 2027 from 63.5 billion US Dollars in 2020.

The Company is able to sell its products due to wider product range viz., compact yarn, slub yarn, gassed mercerized yarn, polyester yarn, denim yarn, glove yarn denim and industrial fabrics. Exports for the year were ₹ 97 crores constituting 20 % of total sales. Company has dealer network at various places in India to meet the end user's requirements immediately.

### **Risk and concerns**

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

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

This is aimed at striking a balance between protecting the interest of depositors and maintaining financial stability on one hand and preserving the economic value of viable businesses by giving durable relief to businesses and individuals affected by Covid 19 on the other. While moratorium on loans was a temporary solution, resolution framework is expected to give durable relief to borrowers. National Credit guarantee Trustee Company has also extended their guarantee to all eligible customers of Bank for the sanction loan under ECLGS guidelines by Banks at lower interest rate.

### **Health, Safety and Environmental Protection**

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

### **Environment**

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

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

### **Sustainability**

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

### **Human Resource & Skill Development Initiatives**

A large number of employees are attached with the Company for more than 30 years. Company imparts training on technical and work skills by conducting In house Training Programs and also sponsoring them to training programs organized by Industry & Trade Associations. Company encourages knowledge and skill development and sponsors staff for management development programs. The HR Team worked proactively for setting up processes to ensure the safety of the workforce when Corona virus broke out. The Senior Management Team was in constant communication with the staff and workforce to boost their morale during the lockdown period. Festival celebrations nurtured a healthy bonding amongst workforce. Industrial relations at all the manufacturing locations have been harmonious and peaceful. Company employs people from more than 9 States who are all skilled under Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and KG Centurion Work Integrated and Advanced Skills Centre set up in association with Centurion University of Technology and Management for ITI/Vocational Training. The accent on skill development is continuous. Even during Covid times, company retained major workforce with in the plant.

### **Redemption of Preference Shares**

6 % Cumulative Redeemable Preference shares of ₹ 100 issued in 2010 was redeemed at par during the year and ₹ 135 lakhs was paid along with accumulated dividends to the Preference share holder.

### **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 2022.

# Sri Kannapiran Mills Limited

## Transfer of Unclaimed Dividend to Investor Education and Protection Fund

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

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

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

## Board Meeting

The Board met 5 times and the meetings were held on 28.05.2021, 03.08.2021, 28.09.2021, 30.11.2021 and 19.02.2022. 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	5	5
Dr G Bakthavathsalam	Executive, Managing Director	5	2
Mr B Sriramulu	Executive, Managing Director	5	5
Mr B Srihari	Executive, Managing Director	5	5
Mr A Velusamy	Non -Executive, Director	5	5
Mr K N V Ramani Upto 31.03.2022	Independent, Non-Executive	5	5
Mr V Arunachalam Upto 31.03.2022	Independent, Non-Executive	5	4
Mr K B Nagendra Murthy	Independent, Non-Executive	5	5
Mr G P Muniappan Appointed w.e.f 19.02.2022	Independent, Non-Executive	5	-
Mrs K Vanithamani	Executive, Whole Time Director	5	5
Mr R Seenivasahan	Executive, Whole Time Director	5	5

# **Sri Kannapiran Mills Limited**

## **Audit Committee Meeting**

The Audit Committee Meeting held on 03.08.2021, 30.11.2021 and 19.02.2022 Composition of the Audit Committee as on 31st March, 2022 and the attendance during the year are as under:

<b>Name of the Director</b>	<b>Position</b>	<b>Category</b>	<b>No. of Meeting held</b>	<b>No. of Meetings Attended</b>
Mr K N V Ramani Upto 31.03.2022	Chairman	Independent, Non-Executive	3	3
Mr A Velusamy	Member	Director	3	3
Mr K B Nagendra Murthy	Member	Independent, Non-Executive	3	3
Mr G P Muniappan Appointed w.e.f 19.02.2022	Member	Independent, Non-Executive	3	-

## **Nomination & Remuneration Committee Meeting**

The Nomination & Remuneration Committee Meeting held on 28.05.2021, 30.11.2021 and 18.02.2022. Composition of the Nomination & Remuneration Committee as on 31st March, 2022 and the attendance during the year are as under:

<b>Name of the Director</b>	<b>Position</b>	<b>Category</b>	<b>No. of Meeting held</b>	<b>No. of Meetings Attended</b>
Mr K N V Ramani Upto 31.03.2022	Member	Independent, Non-Executive	3	3
Mr A Velusamy	Member	Director	3	3
Mr K B Nagendra Murthy	Member	Independent, Non-Executive	3	3
Mr G P Muniappan Appointed w.e.f 19.02.2022	Member	Independent, Non-Executive	3	-

## **Risk Management Committee Meeting**

The Risk Management Committee Meeting held on 18.02.2022. Composition of the Risk Management Committee as on 31st March, 2022 and the attendance during the year are as under:

<b>Name of the Member</b>	<b>Position</b>	<b>Category</b>	<b>No. of Meeting held</b>	<b>No. of Meetings Attended</b>
Mr B Srihari	Chairman	Executive	1	1
Mr A Velusamy	Member	Director	1	1
Mr G Krishnakumar	Member	Chief Financial Officer	1	1

# Sri Kannapiran Mills Limited

## Independent Directors Meeting

Independent Director's Meeting held on 18.02.2022. Composition of the Independent Director's as on 31st March, 2022 and the attendance during the year are as under:

Name of the Director	No. of Meeting held	No. of Meeting Attended
Mr K N V Ramani (upto 31.03.2022)	1	1
Mr V Arunachalam (upto 31.03.2022)	1	1
Mr K B Nagendra Murthy	1	1
Mr G P Muniappan Appointed w.e.f 19.02.2022	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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- 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).

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following members namely Mr K N V Ramani upto 31.03.2022, Mr A Velusamy, Mr K B Nagendra Murthy and Mr G P Muniappan w.e.f 19.02.2022.

## Scope

- Brief description of terms of reference:
- 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, 2022 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.

#### **Consolidated Financial Statements**

The consolidated financial statements of the Company are prepared in accordance with relevant Indian accounting standards issued by the Institute of Chartered Accountants of India and Forms an integral part of this report.

Pursuant to Section 129(3) of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) Rules, 2014, a statement of subsidiary is given in form AOC-1 which forms an Integral part of this report. Annexure - 1.

As per provisions of section 136 of the Companies Act, 2013, a copy of separate auditor financial statements of the subsidiary will be provided to the Shareholders at their request.

#### **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

# Sri Kannapiran Mills Limited

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 2021-22. 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 – 4.

## **Annual Return**

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

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

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3) (m) of the Act read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 is prepared and the same is annexed as Annexure -2 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.

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 (upto 31.03.2022), 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 -3.

# Sri Kannapiran Mills Limited

## **Directors**

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

Mr G P Muniappan appointed as Additional Director at the Board Meeting held on 19.02.2022. He is seeking election as an Director at the ensuing Annual General Meeting.

Mrs V Bhuvaneshwari appointed as Additional Director at the Board Meeting held on 18.05.2022. She is seeking election as an Director at the ensuing Annual General Meeting.

Mr K N V Ramani and Mr V Arunachalam Directors were completed the tenure of two consecutive terms in the capacity of independent directors of the company up to 31.03.2022 .

## **Statutory Auditors**

The term of office of M/s Gopalaiyer and Subramanian [Firm Registration No: 000960S], Chartered Accountants, Coimbatore who were appointed as Statutory Auditors of the Company at the AGM held on 21st September 2017 concludes at the 76th Annual General Meeting.

The Board on the recommendation of the Audit Committee of the Company recommends the reappointment of M/s. Gopalaiyer and Subramanian [Firm Registration No:000960S], Chartered Accountants, Coimbatore as the statutory Auditors of the Company to hold office for a second term of five years from the conclusion of the 76th Annual General Meeting till the conclusion of the 81st Annual General Meeting.

## **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 2022 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 19.02.2022 appointed Mr M Nagarajan, Cost Accountant (Firm Registration Number 000088) as Cost Auditor to audit the cost accounts of the company for FY 2022-23. 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 31.03.2022. The Secretarial Audit Report issued by Mr M.R.L Narasimha is annexed as Annexure - 5 to this Report.

**Internal control systems and their accuracy**

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

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

**Vigil Mechanism /Whistle Blower Policy:**

The Board of Directors has adopted a Whistle Blower Policy which is hosted on the company's website. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical 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, 2022, 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 for term loans and working capital i.e., Indian Bank, Central Bank of India, The South Indian Bank Limited, State Bank of India, HDFC Bank Limited and Union Bank of India.

# **Sri Kannapiran Mills Limited**

## **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, 2022 to the date of signing of the Director's Report.

## **Significant and material orders passed by the Regulators or Courts**

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

## **Personnel**

The Industrial relations were cordial during the year under review.

## **Particulars of Employees**

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

## **Acknowledgement**

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

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

Coimbatore  
22.08.2022

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

# **Sri Kannapiran Mills Limited**

## ANNEXURE - 1

### Form AOC 1

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

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

#### PART A - Subsidiaries

(₹ in Lakhs)

Sr. No.	Particulars	Name of the Subsidiary
		Kannapiran Polymers Limited
1	The date on which the subsidiaries were incorporated	11-10-2021
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	---
3	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	Not Applicable
4	Share capital	178.30
5	Reserves and Surplus	-4.10
6	Total Assets	483.60
7	Total Liabilities	309.41
8	Investments (total)	Nil
9	Turnover	Nil
10	Profit before taxation	-4.10
11	Provision for taxation	Nil
12	Profit after taxation	-4.10
13	Proposed Dividend	---
14	% of shareholding	75%

# **Sri Kannapiran Mills Limited**

## ANNEXURE - 2

**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><b>Spinning:</b></p> <p>Modification of Technological Air fan on seven BD330, BD448 &amp; BD480 Rotor Spinning machines.</p> <p>Installation of Energy monitoring system (Honeybee make) KG Naidu: All Carding machines, Draw Frames and Roving machines. Srinivasa Mills: All Carding machines and all Draw Frames. Eshwara Mills : All Carding machines . This system enables to identify the rogue machines and rectify on day to day basis.</p> <p>Installation of Power module on MAG Spindle Monitoring system at KG Naidu Mills. Enables to identify the Ring frames consuming excess power and to take remedial action on real time.</p> <p>Changing of pneumatic fittings in Ring Frames of KG Naidu Mills to arrest compressor air leakage.</p> <p>Installation of Inverter drive on Honey comb filter at Eshwara Mills.</p> <p>Installation of Inverter drive on Ring Frames at Balaji Mill</p> <p>Reduction of Transformer loss in Srinivasa Mills.</p> <p>Optimisation of Humidification Fan angle for right air delivery.</p> <p>Arresting of compressor air leakages through continuous monitoring.</p> <p>Identification and controlling of hot spots of more than 80 degree through Thermography.</p> <p><b>Weaving:</b></p> <p>Installation of Turbotech Back Pressure Steam Turbine of 115 KW Capacity for generation of electricity up to 4.30 lakhs units per annum.</p> <p>VFD for Humidification Plant Pumps installed for reduction of power consumption.</p> <p>Installation of Passive Infra Red Sensors to control the lights and fans and thereby saving energy up to 3000 units per annum.</p> <p>Day Light Sensors for street lights to save energy up to 500 Units per annum.</p> <p>Replacement of 5 KW horizontal pumps with 3 KW Vertical Pumps with the same flow rate in caustic lye storage tank to save energy up to 8640 units per annum</p> <p>All Energy meters connected to Energy Monitoring Software to analyse the energy power factor and voltage to improve the power factor.</p> <p>PLC automation in washing machines to reduce the operational time and energy saving.</p> <p>Replacement of Conventional Dosing pump with Air operated diaphragm pump to dose caustic lye in D &amp; S Machine under which no power is now required.</p>
Steps taken by the company for utilizing alternative sources of energy	Company has multiple sources of power viz., Natural gas (55.6%), Wind(35.81%), Solar(8.48%) EB(0.05%) and DG(0.003%).
Capital investment on energy conservation equipments	₹ 147.75 lakhs

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

## **B. Technology absorption**

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

The Company is having its own Research and Development department and its expenses have been included in employee cost and other expenses.

## **C. Foreign Exchange Earnings and Outgo**

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

( ₹ in Lakhs)

	31.03.2022	31.3.2021
Used	492	107
Earned	9501	4656

Coimbatore  
22.08.2022

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

# Sri Kannapiran Mills Limited

## ANNEXURE - 3

### Annual Report on Corporate Social Responsibility Activities.

(Pursuant to Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014)

1. Brief outline on the Corporate Social Responsibility (CSR) Policy of the Company

The CSR Policy is available on the Company's Website [www.kannapiran.co.in](http://www.kannapiran.co.in). The Company had proposed to undertake activities relating to rural development including livestock development, community irrigation, water conservation etc.

2. Composition of CSR Committee

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

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

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

CSR Policy - <https://www.kannapiran.co.in/csrapolicy.pdf>

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

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

Not applicable

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

Not applicable

6. Average Net Profit of the Company as per Section 135(5) ₹ 389.43 lakhs

7. a) Two percent of average net profit of the Company as per Section 135(5) – ₹ 7.79 lakhs  
b) Surplus arising out of the CSR Projects or Programmes or activities of the previous financial year – ₹ Nil  
c) Amount required to be set off for the financial year - ₹ Nil  
d) Total CSR obligation for the Financial Year (7a+7b-7c) – ₹ 7.79 lakhs

# **Sri Kannapiran Mills Limited**

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

Total Amount spent for the Financial year (in Rs.)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)	Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)			
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
7,80,000	Nil	Nil	Nil	Nil	Nil

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

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

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

1	2	3	4	5		6	7	8	
Sl.No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation Direct Yes/No	Mode of implementation through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Healthcare	i)	Yes	Tamil Nadu	Coimbatore	2,60,000	Yes	-	-
2	Environmental Sustainability	(iv)	Yes	Tamil Nadu	Coimbatore	90,000	Yes	-	-
3	Education	(ii)	Yes	Tamil Nadu	Virudhunagar	20,000	Yes	-	-

# **Sri Kannapiran Mills Limited**

- d) Amount spent in Administrative Overheads - Nil
- e) Amount spent on Impact Assessment, if applicable – Not Applicable
- f) Total amount spent for the Financial Year (8b+8c+8d+8e) – Rs.7.80 lakhs
- g) Excess amount for set off, if any – Not Applicable

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

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

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

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

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

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

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

Coimbatore  
22.08.2022

**KG Balakrishnan**  
Chairman of CSR Committee

**B Srihari**  
Managing Director

# **Sri Kannapiran Mills Limited**

## ANNEXURE 4 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.	KG Denim Limited Section 2(76)(v) Public Company in which a Director is a Director and holds along with relatives more than 2% of its paid up share capital.	Sale of Goods, Provision of Services Purchase of Power and Goods receipt of Services and Payment of lease rent	3 years till 31.03.2023	Transaction covered under Section 188(1)(a) & (d) of the Companies Act, 2013.  <u>For the year 2021-2022</u> Conversion Charges(Receipt) ₹ 141.84 lakhs; Conversion Charges Paid ₹ 8.47 lakhs; Purchase of Power ₹ 604.42 lakhs; Sale of Goods ₹ 3141.44 lakhs; Purchase of Goods ₹ 126.80 lakhs.	03.08.2021 30.11.2021 19.02.2022	Nil
2.	Sri Balamurugan Textile Processing Limited Section 2(76)(v) Public Company in which a Director is a Director and holds along with relatives more than 2% of its paid up share capital.	Purchase / Sale of Goods, Lease of Capital goods.	3 years till 28.02.2024	Transaction covered under Section 188(1)(a) & (d) of the Companies Act, 2013.  <u>For the year 2021-2022</u> Sale of Goods ₹ 3814.86 lakhs; Purchase of Goods ₹ 160.83 lakhs; Lease Rent ₹ 21.24 lakhs.	03.08.2021 30.11.2021 19.02.2022	Nil

Coimbatore  
22.08.2022

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

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

## ANNEXURE 5 Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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  
Coimbatore-641028.

I have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Sri Kannapiran Mills Limited (hereinafter called "the Company") during the financial year from 1st April, 2021 to 31st March, 2022 ("the year"/ "audit period"/ "period under review"). I conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts / statutory compliances and expressing my opinion thereon.

I am issuing this report based on my verification of the books, papers, minute books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company during the year as well as after 31st March 2022 but before the issue of this audit report and the information provided by the Company, its officers, agents and authorised representatives during my conduct of the Secretarial Audit.

#### 1. I hereby report that:

- 1.1 In my opinion, during the audit period covering the financial year ended on 31st March 2022, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The Members are requested to read this report along with my letter of even date annexed to this report as Annexure – A.
- 1.2 I have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions of :
  - (i) The Companies Act, 2013 (the Act), and the rules made thereunder.
  - (ii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
  - (iii) The following laws, that are specifically applicable to the Company:
    - (a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17th April, 2003); and
    - (b) The Electricity Act, 2003.
- 1.3 I have also examined compliance with the applicable clauses of the following:
  - (i) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India.
- 1.4. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2022 but before the issue of this report, the Company has, to the best of my knowledge and belief and based on the records, information and explanations furnished to me, complied with the applicable provisions / Clauses of the Acts, Rules, Regulations, Agreements, Guidelines and Standards mentioned under paragraphs 1.2 and 1.3 above.

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

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

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

## **2. I further report that:**

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

# Sri Kannapiran Mills Limited

### 3. I further report that:

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

3.2 6 % Cumulative Redeemable Preference shares of Rs. 100 issued in 2010 was redeemed at par during the year and Rs. 135 lakhs was paid along with accumulated dividends to the Preference share holder.

Other than the above, there were no instances of:

- Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
- Major decision taken by the members pursuant to Section 180 of the Companies Act, 2013.
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations

Place:- Coimbatore  
Date:- 22.08.2022  
DIN: F002851D000824155

M.R.L. Narasimha  
Practicing Company Secretary  
Membership No: 2851  
Certificate of Practice 799  
Peer Review No:-1420/2021

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### ANNEXURE A TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To,  
The Members,  
Sri Kannapiran Mills Limited,  
Coimbatore.

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2022 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed such audit practices and processes as I considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also considered compliance related action taken by the Company after 31st March 2022 but before the issue of this report.
4. I have verified the secretarial records furnished to me on a test basis to see whether the correct facts are reflected therein. I also examined the compliance procedures followed by the Company on a test basis. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
6. I have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
7. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place:- Coimbatore  
Date:- 22.08.2022  
DIN: F002851D000824155

M.R.L. Narasimha  
Practicing Company Secretary  
Membership No: 2851  
Certificate of Practice 799  
Peer Review No:-1420/2021



## INDEPENDENT AUDITORS' REPORT

To  
The Members of M/s. SRI KANNAPIRAN MILLS LIMITED,

### Report On the Audit of the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of M/s. SRI KANNAPIRAN MILLS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss and Statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as the "Standalone Financial Statements").

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act 2013, ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit for the year ended on that date.

### Basis for opinion

We conducted our audit of the Standalone Financial Statements in accordance with the standards on auditing 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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules hereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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

### Key audit matters

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

### Information other than the Standalone 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 Annexure to Board's Report, Business Responsibility Report but does not include the Standalone Financial Statements, Consolidated Financial Statement and our auditor's report thereon.

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

# Sri Kannapiran Mills Limited

Standalone 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 Standalone Financial Statements**

- A. The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position and financial performance, and its 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- B. In preparing the standalone 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.  
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the Standalone Financial Statements**

- A. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
- B. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the 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

# Sri Kannapiran Mills Limited

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- C. Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.
- D. 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.
- E. 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.

## **Report on other legal and regulatory requirements**

1. The provisions of the companies (Auditor's Report) order, 2020 ("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 flows dealt with by this report agree with the books of account;
  - (d) In our opinion, the aforesaid standalone 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 March 31, 2022 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

# Sri Kannapiran Mills Limited

- (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 matters included in the Auditor's Report in accordance with the requirements of section 197(16) of the Companies Act, 2013, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Director's during the year is in accordance with the provisions of the Section 197 of the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- (i). The Company does 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; and
- (iii). There are no amounts that are required to be transferred, to the Investor Education and Protection Fund by the Company.
- (iv). (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (d) The company has declared and paid preference dividend during the year

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants  
FRN : 000960S

**CA. R.MAHADEVAN**  
Partner

(Membership No. 027497)  
(UDIN: 22027497AMPYSO2511)

Place: Coimbatore  
Date : 06/07/2022

# **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)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

**I In respect of the Company's Property, Plant and Equipment and Intangible Assets:**

- (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment
- (B) The Company has maintained proper records showing full particulars of intangible assets
- (b) The Company has a program of physical verification of Property, Plant and Equipment so to cover all the assets once every 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 Property, Plant and Equipment were due for verification during the year and 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) Based on our examination of the property tax receipts and land documents on which building is constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date. However, we express no opinion on the validity of the title of the company to these properties.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder and hence reporting under clause 3(i)(e) does not arise.

**ii. In respect of Inventories,**

- (a) 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 examined by us, no material discrepancies were noticed on such verifications.
- (b) The Company has been sanctioned with working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets. The following are discrepancies noted in the Quarterly Statement filed with the Bank or Financials Institutions,

Month	As per Books (Rs.)	As per Statement filed with Bank (Rs.)	Difference (Rs.)*
Jun-21	91,1945,654	1,01,03,42,003	(9,83,96,349)
Sep-21	90,96,30,369	1,06,00,01,583	(15,03,71,214)
Dec-21	97,07,28,161	1,06,64,89,670	(9,57,61,509)
Mar-22	1,06,52,67,188	1,16,58,50,257	(10,05,83,069)

\*The difference was on account of different method of stock valuation adopted in respect of Inventories and pending reconciliations of sundry debtors for the purpose of reporting in quarterly bank statements vis- a- vis books of accounts.

# **Sri Kannapiran Mills Limited**

iii. According to information and explanation given to us, the company has made investments and has provided guarantee during the year.

(a) The company has Stood Guarantee to other entity

<b>Guarantee stood by the Company</b>	
<b>Particulars</b>	<b>Guarantees (Rs. In lakhs)</b>
Aggregate Amount Granted/Provided during the year to	
Subsidiaries	294.21
Joint Ventures	
Associates	
Balances Outstanding at the Balance Sheet Date in respect of the above	
Subsidiaries	294.21
Joint Ventures	
Associates	

(b) The Investments made by the company, and Guarantee provided by the company are not prejudicial to the interest of the Company.

(c) There are no loans and advances provided by the Company. Accordingly the reporting under the clause (iii) (c) to clause (iii) (f) is not applicable.

iv. The company has complied with the provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the year and hence the provisions of section 73 to 76 or any other relevant provisions of the companies Act 2013 are not applicable.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanation given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing 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, cess and other material statutory dues applicable to it to the appropriate authority.

(b) There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(c) There is no due in respect of any undisputed demand in respect of income- tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise as on 31st March 2022.

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

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. According to the information and explanation given to us,
- (a) Based on our audit procedures, we are of the opinion that the company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date.
  - (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
  - (c) The Term Loan taken by the Company were applied for the purpose which they are obtained.
  - (d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.
  - (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
  - (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix) (f) of the Order does not arise.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order does not arise.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) Based on the audit procedures performed, we have neither come across any instance of material fraud by the company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) Since, no instance of material fraud by the company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report, with respect to commitment of an offence involving fraud.
- (c) The Company has not received any whistle blower complaints during the year (and up to the date of this report), and hence reporting under clause (xi)(c) does not arise.
- xii The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under Section 133 of the Act.

# Sri Kannapiran Mills Limited

- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under this clause is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the Companies Act, 2013.
- (b) There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects requiring a transfer to a Special Account in compliance with the sub-section (6) of the Section 135 of the Companies Act, 2013.

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants  
FRN : 000960S

**CA. R.MAHADEVAN**  
Partner

(Membership No. 027497)  
(UDIN: 22027497AMPYSO2511)

Place: Coimbatore  
Date : 06/07/2022

# Sri Kannapiran Mills Limited

## “ANNEXURE B” TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' section of our report of the even date to the members of M/s. SRI KANNAPIRAN MILLS LIMITED on the Standalone Financial Statements for the year ended March 31, 2022.

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, 2022 in conjunction with our audit of the standalone 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”) issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143 (10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

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

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the company.

- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation 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 31,2022, 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  
FRN : 000960S

**CA. R.MAHADEVAN**  
Partner  
(Membership No. 027497)  
(UDIN: 22027497AMPYSO2511)

Place: Coimbatore  
Date : 06/07/2022

# **Sri Kannapiran Mills Limited**

## Balance Sheet as at 31st March, 2022

(₹ in Lakhs)

Particulars	Note No.	31-03-2022	31-03-2021
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	542.00	677.00
Reserves and Surplus	3	10927.03	8251.50
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	4421.72	4663.54
Deferred Tax Liabilities (Net)	5	1850.54	1087.62
Other Long Term Liabilities	6	469.67	397.03
Long Term Provisions	7	433.30	405.39
<b>Current Liabilities</b>			
Short Term Borrowings	8	8787.66	7493.76
Trade Payables			
(a) total outstanding dues of micro enterprises and small enterprises	9	25.14	18.76
(b) total outstanding dues of creditors other than micro enterprises	9	6742.40	4842.13
Other Current Liabilities	10	1406.55	1068.46
Short-Term Provisions	11	143.55	39.43
<b>TOTAL</b>		<b>35749.56</b>	<b>28944.62</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment and Intangible assets			
(a) Property, Plant & Equipments	12	13539.06	13610.80
(b) Intangible Assets		0.05	0.05
(c) Capital Work-in-Progress		--	---
Non-current investments	13	858.49	567.95
Long-Term Loans and Advances	14	63.63	75.50
Other Non Current Assets	15	1444.01	1370.73
<b>Current Assets</b>			
Inventories	16	10898.49	6451.33
Trade Receivables	17	6175.86	4634.07
Cash and Cash Equivalents	18	491.04	430.22
Short-Term Loans and Advances	19	1711.40	1293.97
Other Current Assets	20	567.53	510.00
<b>TOTAL</b>		<b>35749.56</b>	<b>28944.62</b>
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 06.07.2022		(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, 2022

(₹ in Lakhs)

Particulars	Note No.	31-03-2022	31-03-2021
<b>REVENUE</b>			
Revenue from Operations	21	49357.82	25295.13
Other Income	22	219.41	193.04
Total Revenue		49577.23	25488.17
<b>EXPENSES</b>			
Cost of Materials consumed	23	30245.47	12031.04
Purchases of Stock in Trade		1517.38	1034.29
Changes in Inventories of Finished Goods and Work-in-Progress	24	-2267.53	1296.28
Power & Fuel		3954.99	2535.19
Employee Benefits Expense	25	4885.86	3454.97
Finance Costs	26	1664.27	1766.86
Depreciation		830.19	757.84
Other Expenses	27	4718.68	2291.47
Total Expenses		<b>45549.31</b>	<b>25167.94</b>
Profit Before Tax		4027.92	320.23
Tax Expense:			
Current Tax (MAT)		-724.00	-50.65
(Less) : Mat Credit Entitlement		233.26	50.65
Prior Year Expenses		-1.90	-
Deferred Tax Liability		-762.90	-91.87
Dividend Paid on Preference Shares		-96.84	-
Profit After Tax & Appropriations		<b>2675.54</b>	<b>228.36</b>
Earnings per Equity Share			
Basic and Diluted Earnings per Share (in ₹)		49.36	4.21
(Face value ₹ 10/- per Share)			
Significant Accounting Policies	1		
Additional Information to Financial statements	28		
see accompanying notes to the financial statements		(Sd/-) KG Balakrishnan Chairman DIN No : 00002174	
In terms of our Report of even date For Gopalaiyer and Subramanian Firm Regd. No.000960S Chartered Accountants (Sd/-) CA R Mahadevan Coimbatore 06.07.2022		(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 2022**

(₹ in Lakhs)

PARTICULARS	31.03.2022	31.3.2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before tax	4027.92	320.23
Adjustments for:		
Depreciation	830.19	757.83
Loss on sale of Assets	119.96	-27.67
Interest Income	-23.88	-41.73
Dividend Income	-0.02	-
Interest Paid	1664.27	1766.86
Operating profit before working capital changes	6618.45	2775.52
(Increase) / Decrease in Trade and Other Receivables	-2160.75	696.82
(Increase) / Decrease in Inventories	-4447.15	-418.89
Increase / (Decrease) in Trade and Other Payables	956.67	-1281.67
Cash generated from operations	967.22	1771.78
Direct Taxes Paid	-406.18	243.30
Net cash from Operating Activities	561.04	2015.08
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	-925.52	-228.36
Proceeds from Sale of Fixed Assets	47.11	41.40
Purchase of Investment	-290.54	-0.03
Sale of Investments	-	-
Prior year expenses	-1.90	-
Interest Received	21.89	39.89
Dividend Received	0.02	-
Net Cash Used in Investing Activities	-1148.94	-147.10
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Long Term Borrowings Received	1080.00	2978.49
Long Term Borrowings Repaid	-1321.81	-1607.01
Short Term Borrowings	2790.01	-1505.28
Interest Paid	-1667.62	-1777.87
Share Capital Account	-135.00	-
Dividend paid on preference shares	-96.84	-
Net Cash Used In Financing Activities	648.73	-1911.67
Net Increase In Cash And Cash Equivalents	60.83	-43.69
Cash and cash equivalents at beginning of the period	430.22	473.90
Cash and cash equivalents at end of the period	491.04	430.22
Components of Cash and cash equivalents as at 31st March 2021		
Cash and Cheques on hand	10.55	24.73
In Current Account	7.21	36.99
In Deposit Account	473.28	368.50
	<b>491.04</b>	<b>430.22</b>

see accompanying notes to the financial statements

(Sd/-) KG Balakrishnan

In terms of our Report of even date

Chairman

For Gopalaiyer and Subramanian

DIN No : 00002174

Firm Regd. No.000960S

(Sd/-) B Sriramulu

(Sd/-) B Srihari

Chartered Accountants

Managing Director

Managing Director

(Sd/-) CA R Mahadevan

DIN No : 00002560

DIN No : 00002556

Coimbatore

Partner

(Sd/-) G Krishnakumar

(Sd/-) K Jayaraj

06.07.2022

Membership No. 027497

Chief Financial Officer

Company Secretary

**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 the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Companies Act, 2013 to the extent notified. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.
- b) The Company has been consistently following the accrual basis of accounting in respect of its Income and Expenditure.
- c) The Accounts are prepared on the basis of Going Concern concept only.

**AS-2 VALUATION OF INVENTORIES**

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

**AS-3 CASH FLOW STATEMENT**

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

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

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

**AS-6 DEPRECIATION ACCOUNTING**

Depreciation on Fixed Assets has been provided on Straight line basis based on the balance useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 effective from 01.04.2014. Depreciation on machinery & electrical machinery has been provided base on useful lives as applicable continuous process . In respect of additions and sales, pro rata depreciation is calculated from the date of purchase or to the date of sale as the case may be.

**AS-9 REVENUE RECOGNITION**

- a) Revenue from sale transactions is recognised as and when the property in the goods sold is transferred to the buyer for a definite consideration. Revenue from service transactions are recognised on the completion of the contract at the contracted rate and when there is no uncertainty regarding the amount of consideration or collectability. b) Direct Sales as reported are net of Sales Tax. c) Proceeds of export sales of yarn are accounted on the basis of credit given by our bankers. d) Export incentives under DEPB licence and premium on transfer of Export incentives are accounted on accrual basis. e) Dividend income from

# Sri Kannapiran Mills Limited

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 31.03.2022	Numbers 31.03.2021	Amount 31.03.2022	Amount 31.03.2021
<b>2. SHARE CAPITAL</b>				
Number and amount of Equity shares Authorized (Face Value Rs 10 each)	2 70 00 000	2 70 00 000	2700.00	2700.00
Number and amount of Preference shares Authorized (Face Value Rs 100 each)	6 00 000	6 00 000	600.00	600.00
Number and amount of Equity shares issued	55 03 024	55 03 024	550.30	550.30
Number of Equity shares Subscribed and Fully paid up	54 19 928	54 19 928	541.99	541.99
Add : Forfeited Shares	-	-	0.01	0.01
Total	54 19 928	54 19 928	542.00	542.00
Number and amount of Preference Shares issued and fully Paid up				
Preference Shares Capital Allotted on account of Amalgamation	-	1 35 000	-	135.00
Total	54 19 928	55 54 928	542.00	677.00

Par value per Equity share (in Rs 10 each)

### Shares held by Promoters

Sl.No.	Promoter's Name	Equity shares held by Promoters				% of change during the year
		As at March 31, 2022		As at March 31, 2021		
		No of Shares	% of total shares	No of Shares	% of total shares	
1	K G Balakrishnan	670434	12.37	670434	12.37	0.00
2	B Sathyabama	433242	7.99	433242	7.99	0.00
3	B Sriramulu	253040	4.67	253040	4.67	0.00
4	Pranav Sriraman	105702	1.95	105702	1.95	0.00
5	B Srihari	799682	14.75	799422	14.75	0.00
6	Aadya Srihari	392315	7.24	392315	7.24	0.00
7	Deepika Karthikeyan	1880	0.03	1880	0.03	0.00
8	T Anandhi	134285	2.48	134285	2.48	0.00
9	Sailendran	73228	1.35	73228	1.35	0.00
10	Niketana Thulasidaran	73228	1.35	73228	1.35	0.00
11	K G Denim Limited	331588	6.12	331588	6.12	0.00
12	Crocodile India Privte Limited	500000	9.23	500000	9.23	0.00
13	Sri Balamurugan Textile Processing Limited	30700	0.57	30700	0.57	0.00
14	Dr.G.Bakthavathsalam	152057	2.81	152057	2.81	0.00
15	B Dhanalakshmi	26550	0.49	26550	0.49	0.00
16	B Ashok	32150	0.59	32150	0.59	0.00
17	R Vasanthi	31930	0.59	31930	0.59	0.00
18	B Dhanalakshmi Trustee - Vasanthi Marriage Trust	16000	0.30	16000	0.30	0.00
19	Dr.G.Bakthavathsalam Trustee - V Vasanthi Education	19616	0.36	19616	0.36	0.00
20	Dr.G.Bakthavathsalam Trustee - Ashok Education Trust	19600	0.36	19600	0.36	0.00
21	G Kannappan	17981	0.33	17981	0.33	0.00
22	K Krithika	52116	0.96	52116	0.96	0.00

# **Sri Kannapiran Mills Limited**

Sl.No.	Promoter's Name	Equity shares held by Promoters				% of change during the year
		As at March 31, 2022		As at March 31, 2021		
		No of Shares	% of total shares	No of Shares	% of total shares	
23	Nirmala Rajeswari Trustee - Krithika Marriage Trust	47504	0.88	47504	0.88	0.00
24	G Kannappan-Trustee - Krithika Education Trust	40048	0.74	40048	0.74	0.00
25	Sree Manneswarasamy Investments P Ltd	800	0.01	800	0.01	0.00
26	Sri Rangathaswamy Investments P Ltd	1400	0.03	1400	0.03	0.00
27	Sri Selvavinayagar Investments P Ltd	1792	0.03	1792	0.03	0.00
28	GK Investments P Ltd	300	0.01	300	0.01	0.00
29	G Vijayakumar	9673	0.18	9673	0.18	0.00
30	V Geethalakshmi	19104	0.35	19104	0.35	0.00
31	Saritha Santhanalakshmi	27124	0.50	27124	0.50	0.00
32	V Sanjana	25924	0.48	25924	0.48	0.00
33	G Vijayakumar Trustee- V Sanjana Education Trust	16600	0.31	16600	0.31	0.00
34	G Vijayakumar Trustee - V Saritha Santhanalakshmi EducationTrust	20000	0.37	20000	0.37	0.00
35	V Geethalakshmi Trustee - Sanjana Marriage Trust	16000	0.30	16000	0.30	0.00
36	V Geethalakshmi Trustee - Sartiha Santhanalakshmi Marriage Trust	32960	0.61	32960	0.61	0.00
37	GV Investments P Ltd	350	0.01	350	0.01	0.00
38	G Ramaswamy	99333	1.83	99333	1.83	0.00
39	R Santhamani	35488	0.65	35488	0.65	0.00
40	R Ashyanth	9523	0.18	9523	0.18	0.00
41	R Annush	9524	0.18	9524	0.18	0.00
42	G Ramaswamy Trustee - Ashyanth Education Trust	28000	0.52	28000	0.52	0.00
43	GRV Investments P Ltd	350	0.01	350	0.01	0.00

#### Terms & Conditions of equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each Shareholder is eligible for one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion of their share holding. There are no shares allotted as fully paid without payments being received in cash, bonus shares immediately preceding five previous years. 46401 shares were bought back by the Company during the year 2016-17. The Company has redeemed Preference shares of ₹ 135 lakhs during the year 2021-22 (previous year outstanding ₹ 135 lakhs)

# **Sri Kannapiran Mills Limited**

## Notes forming part of financial statements

(₹ in Lakhs)

Particulars	Amount 31.03.2022	Amount 31.03.2021
<b>3. RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
As per last Balance Sheet	3806.00	3806.00
Less: Transfer to Capital Redemption reserve towards redemption of Preference shares	135.00	
	3671.00	3806.00
<b>Capital Redemption Reserve</b>		
As per last Balance sheet	4.64	4.64
Add: Transfer from General Reserve towards redemption of Preference shares	135.00	
	139.64	4.64
<b>Surplus</b>		
As per last Balance Sheet	1434.51	1206.15
	-	-
Add: Transfer from Profit and Loss Statement	2675.54	228.36
Closing balance	4110.04	1434.51
<b>Revaluation Reserve</b>		
As per last Balance sheet	1392.25	1392.25
	1392.25	1392.25
<b>Capital Reserve</b>		
As per last Balance sheet	1614.10	1614.10
	1614.10	1614.10
	10927.03	8251.50
<b>NON CURRENT LIABILITIES</b>		
<b>4. Long Term Borrowings</b>		
<b>Secured</b>		
Term Loans From Banks	3832.79	4242.88
LC Liability for Capital Goods -Indian Bank	196.61	-
<b>Unsecured</b>		
Long term maturities of finance lease obligations	62.32	8.20
Deposits:		
(a) Inter Corporate Deposit	300.00	366.21
(b) Performance Deposit	30.00	30.00
Loans and advances from related parties - Deposits from Director	-	16.25
	4421.72	4663.54

### SECURITY CLAUSE AS AT 31.3.2022

Term Loans from Indian Bank amounting of ₹ 1312.38 lakhs is secured by first pari passu charge a) on all immovable properties situated at 1) Sowripalayam, Coimbatore 2) Kempnaicken palayam, Annur 3) Then Tirumalai, Mettupalayam 4) Onapalayam, Coimbatore 5) leasehold rights of 32.825 acres of land at SIPCOT Industrial Growth Centre, Perundurai and Yarn processing unit at Kalapatti, Coimbatore. b) all plant and machineries including machineries and other movable assets(excluding assets exclusively charged to Union Bank of India, South Indian Bank and ICICI Bank) of Spinning units 1) Sowripalayam, Coimbatore 2) Kempnaicken palayam, Annur 3) Then Tirumalai, Mettupalayam 4) Onapalayam, Coimbatore, 5) Weaving unit at SIPCOT Industrial Growth Centre, Perundurai and Yarn processing unit at Kalapatti, Coimbatore and second pari passu charge on stock in trade and book debts of all units of Company.

Term Loan from Union Bank of India of ₹ 253.41 lakhs is secured by first charge on the Second Dyeing & Sizing line together with other equipments acquired for the Expansion Scheme by hypothecation and 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 of the Company.

Term loan from South Indian Bank of ₹ 431 lakhs is secured by exclusive charge on assets acquired out of the term loan and pari-passu second charge on the entire current assets of the Company along with Indian Bank and Union Bank of India.

# **Sri Kannapiran Mills Limited**

Term Loan from HDFC Bank of ₹ 380.10 lakhs is secured by an exclusive charge on one acre of land at Trichy Road, Coimbatore by way of equitable mortgage.

GECL Loans availed from Indian Bank of ₹ 980 lakhs, Central Bank of India of ₹ 287.75 lakhs, South Indian Bank Ltd of ₹ 202 lakhs, State Bank of India of ₹ 378 lakhs, HDFC Bank of ₹ 386.04 lakhs and Union Bank of India of ₹ 444.84 lakhs have been secured by pari-passu first charge on the entire current assets of the Company and pari-passu second charge on entire fixed assets of the Company (Excluding assets exclusively charged to Union Bank of India, South Indian Bank Ltd and ICICI Bank).

Bank	Outstanding as on		Interest rate %	Repayment months	From	Last Installment
	31.3.22	31.3.21				
Indian Bank TL	483.36	673.23	7.50	31		Oct'25
Indian Bank TL	829.02	1095.43	7.50	38		May'25
Indian Bank Covid	125.52	241.38	7.30	13		Apr'23
Indian Bank ECLGS	653.00	653.00	8.30	48	Apr'22	Mar'26
Indian Bank ECLGS	327.00	-	8.30	48	Jan'24	Dec'27
South Indian Bank TL	431.00	-	8.50	60	Oct'22	Sep'27
South Indian Bank ECLGS	135.00	135.00	9.20	48	Apr'22	Mar'26
South Indian Bank ECLGS	67.00	-	9.25	48	Apr'23	Mar'27
Central Bank of India ECLGS	189.75	198.00	9.25	46		Jan'26
Central Bank of India ECLGS	98.00	-	8.25	48	Mar'24	Feb'28
State Bank of India – Covid	10.44	190.00	7.25	1		Apr'22
State Bank of India - ECLGS	378.00	378.00	7.95	48	Apr'22	Mar'26
Union Bank of India TL	287.84	373.41	8.25	19		Oct'23
Union Bank of India ECLGS	253.41	314.00	7.95	44		Nov'25
Union Bank of India ECLGS	157.00	-	7.95	48	Mar'24	Feb'28
HDFC Bank TL	380.10	609.10	8.50	21		Nov'23
HDFC Bank ECLGS	186.04	190.00	7.50	47		Feb'26
HDFC Bank ECLGS	200.00	200.00	7.50	48	Apr'22	Mar'26
HDFC Bank Covid	19.01	83.55	8.25	3		Jun'22
ICICI Bank	56.79	76.60	12.25	28		Jul'24
ICICI Bank	63.72	-	10.76	60	Apr'22	Mar'27

The Term Loans (excluding GECL Loans) from Indian Bank is guaranteed by Mr B Srihari Managing Director. Term loan from HDFC Bank, Union Bank of India and South Indian Bank are guaranteed by Mr K G Balakrishnan, Chairman and Mr B Srihari, Managing Director.

There is no delay in payment of term loan dues and interest payment as at 31.3.2022

Working capital facilities from Indian Bank Consortium (Indian Bank, Central Bank of India, The South Indian Bank Ltd, State Bank of India, HDFC Bank and Union Bank of India) 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 and plant and machineries of company (Excluding assets exclusively charged to Union Bank of India, HDFC Bank, South Indian Bank Ltd and ICICI Bank).

The Working capital limits from Indian Bank is guaranteed by Mr B Srihari Managing Director. Working capital limits from State Bank of India is guaranteed by Mr K G Balakrishnan, Chairman. Working capital limits from HDFC Bank, Union Bank of India, Central Bank of India and South Indian Bank are guaranteed by Mr K G Balakrishnan, Chairman and Mr B Srihari, Managing Director.

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

# **Sri Kannapiran Mills Limited**

## Notes forming part of financial statements

(₹ in Lakhs)

	Amount 31.03.2022	Amount 31.03.2021
<b>Particulars</b>		
<b>5. Deferred Tax Liabilities</b>		
Deferred Tax Asset:		
On account of Business Loss	-	741.67
Amalgamation Expenses	4.03	6.20
Provision for Gratuity	134.13	124.55
	<b>138.16</b>	<b>872.42</b>
<b>Deferred Tax Liability:</b>		
On account of Depreciation	1988.70	1960.04
Net Deferred Tax Liabilities	<b>1850.54</b>	<b>1087.62</b>
<b>6. Other Long Term Liabilities</b>		
Other Payable :	469.67	397.03
	<b>469.67</b>	<b>397.03</b>
<b>7. Long Term Provisions</b>		
Provision for Gratuity	433.30	405.39
	<b>433.30</b>	<b>405.39</b>
<b>CURRENT LIABILITIES</b>		
<b>8. Short Term Borrowings</b>		
<b>Secured</b>		
Loans repayable on Demand from Banks (Secured)	6386.62	5672.42
From Bank (Unsecured)	902.75	325.24
Current maturities of long term Debt	1498.29	1496.10
	<b>8787.66</b>	<b>7493.76</b>
<b>9. Trade Payables</b>		
Due to Micro, Small & Medium Enterprises	25.14	18.76
Others	6742.40	4842.13
	<b>6767.54</b>	<b>4860.89</b>
For ageing schedule refer Note No: 1 & 2 in other notes		
<b>10. Other Current Liabilities</b>		
Current maturities of finance lease obligations	20.29	5.19
Interest accrued and due on borrowings	19.76	23.11
Advances from Customers	149.89	89.79
Other Payables	1216.61	950.37
	<b>1406.55</b>	<b>1068.46</b>
<b>Short-term provisions</b>		
<b>11. Provision for Employee benefits :</b>		
Provision for Gratuity	45.75	39.43
Provision for Tax (Net of Advance Tax)	97.80	-
	<b>143.55</b>	<b>39.43</b>



# Sri Kannapiran Mills Limited

(₹ in Lakhs)

## 12. FIXED ASSETS

Description of Assets	Gross Block		Sales During the year	As at 31.03.2022	Depreciation		Withdrawn for the Year	Upto 31.03.2022	Net Block	
	As at 01.04.2021	Additions During the year			Upto 31.03.2021	For the Year			As at 31.03.2022	As at 31.03.2021
<b>TANGIBLE ASSETS</b>										
1. Land	1 835.55	-	-	1 835.55	-	-	-	-	1 835.55	1 835.55
2. Building	4 749.06	190.44	.00	4 939.49	2 131.27	124.34	-	2 255.61	2 683.89	2 617.79
3. Machinery	19 179.67	581.91	782.96	18 978.62	10 737.89	537.25	626.39	10 648.75	8 329.87	8 441.78
4. Elec. Machinery	2 575.02	59.80	202.93	2 431.89	2 033.21	92.30	192.78	1 932.72	499.17	541.81
5. Furniture & Fixtures	413.46	3.68	.00	417.14	392.87	2.58	-	395.45	21.69	20.59
6. Office Equipments	123.05	5.08	.00	128.13	97.76	6.34	-	104.10	24.03	25.29
7. Motor Vehicles	302.19	84.62	7.15	379.66	176.24	67.39	6.77	236.84	142.82	125.95
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
	29218.87	925.53	993.04	29151.36	15608.07	830.19	825.95	15612.31	13539.06	13610.80
<b>INTANGIBLE ASSETS</b>										
10. Software	7.12	-	-	7.12	7.07	-	-	7.07	0.05	0.05
<b>TOTAL</b>	29225.99	925.53	993.04	29158.48	15615.14	830.19	825.95	15619.38	13539.11	13610.85
Previous year	29218.20	228.36	220.57	29225.99	15064.16	757.83	206.84	15615.14	13610.85	14154.04

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

# **Sri Kannapiran Mills Limited**

## NON-CURRENT INVESTMENTS

(₹ in Lakhs)

13.	Investments in Equity Instruments (At Cost)	Face value	31.03.2022	31.03.2021	31.03.2022	31.03.2021
			Nos.	Nos.	Amount	Amount
<b>Non Trade- Quoted-Fully paid up</b>						
	Rajshree Sugars and Chemicals Ltd.	10	5 000	5 000	0.50	0.50
	IDBI Bank Limited	10	14 240	14 240	11.57	11.57
	Indian Bank	10	1 000	1 000	0.91	0.91
	The South Indian Bank Ltd	10	4 323	4 323	0.61	0.61
<b>Trade Investments - Quoted</b>						
	K G Denim Limited	10	30 65 183	30 65 183	423.85	423.85
	Kannapiran Polymers Limited -Unquoted	10	13 32 946	-	133.29	-
<b>Trade Investments - Unquoted</b>						
	iEnergy Wind farms (Theni) Private Limited	10	1 500	1 270	0.15	0.15
	Watsun Infrabuild Pvt Ltd	10	1 78 934	1 78 934	17.89	17.89
	Arkay Energy (Rameswaram) Ltd	10	7 56 502	7 56 502	75.65	75.65
	Arja Energys Pvt Ltd	10	2 50 000	2 50 000	25.00	25.00
	Vishnuvimal Yarns India Pvt Ltd	10	26 000	26 000	2.60	2.60
	Cotton Sourcing Company Limited	10	10 000	10 000	1.00	1.00
	Nellai Renewables Private Limited	10	15 75 000	-	157.50	-
<b>Non Trade Investments - Unquoted</b>						
	National Saving Certificate				-	0.25
	Kannapiran Mills Employee's Co-op. Stores Limited				0.04	0.04
	Investment in Partnership firm					
	M/s. K G House (Madras)				7.94	7.94
					858.49	567.95
<b>Aggregate Value of quoted investments</b>						
Cost					437.43	437.43
Market value					1447.90	856.92
Aggregate amount of unquoted investments					490.52	122.58

# **Sri Kannapiran Mills Limited**

Notes forming part of financial statements

(₹ in Lakhs)

Particulars	Amount 31.03.2022	Amount 31.03.2021
<b>14. Long-term loans and advances</b> (Unsecured, considered good) Other Loans and Advances :		
Advances recoverable in cash or kind, for value to be received	63.63	75.50
	<b>63.63</b>	<b>75.50</b>
<b>15. Other Non Current Assets</b>		
Long Term Trade Receivables	102.63	240.89
TUF Subsidy Receivable	11.47	75.78
Security Deposits	90.90	87.20
MAT Credit Entitlement	12 39.01	9 66.86
	<b>14 44.01</b>	<b>13 70.73</b>
<b>16. Inventories (At lower of cost or net realisable value)</b>		
Cotton & Cotton Waste	51 16.75	27 10.62
Yarn	4 70.38	8 37.64
Work-in-progress	11 84.73	7 20.49
Finished goods -Yarn	22 91.62	6 97.00
Finished goods -Fabrics	13 16.33	11 07.66
Stock In Trade -Equity shares	40.00	40.00
Stores and spares	2 53.24	2 37.93
Chemicals	2 25.44	99.99
	<b>108 98.49</b>	<b>64 51.33</b>
Refer Accounting policy AS -2 for mode of valuation		
<b>17. Trade Receivables</b> (Unsecured, considered good)		
Outstanding for a period exceeding six months from the due date	1 10.26	2 97.77
Others	60 65.60	43 36.30
	<b>61 75.86</b>	<b>46 34.07</b>
For ageing schedule refer Note No: 3 & 4 in other notes		
<b>18. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
<b>Balances with banks</b>		
In Current Account	7.21	36.99
Cash on hand	10.55	24.73
<b>Other Bank Balances</b>		-
Deposits held as Margin money	4 73.28	3 68.50
	<b>4 91.04</b>	<b>4 30.22</b>
<b>19. Short-term loans and advances</b> (Unsecured, Considered Good)		
Advances recoverable in cash or in kind, or for value to be received	17 11.40	12 93.97
	<b>17 11.40</b>	<b>12 93.97</b>

# **Sri Kannapiran Mills Limited**

Notes forming part of financial statements

(₹ in Lakhs)

Particulars	Amount 31.03.2022	Amount 31.03.2021
<b>20. Other current assets</b>		
(a) Interest accrued on Bank Deposits	6.05	4.07
(b) Income Receivable:		
(i) TUF Subsidy Receivable	24.55	66.48
(ii) Duty draw back receivable	37.33	25.23
(iii) Conversion Charges Receivable	7.06	44.70
(iv) Excise Duty Receivable	-	0.20
(v) GST Receivable	53.76	88.33
(vi) MEIS Premium Receivable	1.56	43.88
(vii) RODTEP Premium Receivable	2 66.12	-
(c) Security Deposit	47.60	55.20
(d) Prepaid expenses	1 23.50	1 07.91
(e) Advance Taxes ( Net of Provisions therefor)	-	74.00
	<b>5 67.53</b>	<b>5 10.00</b>
<b>21. Revenue from operations</b>		
<b>a) Sale of Products</b>		
Yarn	321 99.38	147 98.05
Glove	5 23.32	5 13.20
Fabric	152 66.31	81 10.32
Waste	1 20.17	68.14
	<b>481 09.18</b>	<b>234 89.71</b>
<b>b) Sale of Services</b>		
Conversion Charges - Others	7 28.09	17 04.38
<b>c) Other operating revenues:</b>		
Export Incentives	5 20.55	1 01.04
	<b>493 57.82</b>	<b>252 95.13</b>
<b>22. Other income</b>		
Interest Income	23.88	41.73
Dividend Income	0.02	-
Rent Received	4.13	4.03
Profit on sale of assets	-	27.67
Agriculture Income	5.31	-
Foregin Exchange (gain) -Net	1 16.23	13.12
Miscellaneous receipts	69.84	1 06.49
	<b>2 19.41</b>	<b>1 93.04</b>
<b>23. Cost of materials consumed</b>		
Opening Stock		
Raw material - Cotton, Yarn & Chemicals	35 26.62	18 10.23
Waste - Cotton	21.64	10.13
Add : Purchases - Cotton, Waste Cotton & Chemicals	322 84.34	137 70.15
	<b>358 32.60</b>	<b>155 90.51</b>
Less : sale of Rawmaterial	-	11.21
Less: Closing Stock		
Raw material - Cotton, Yarn & Chemicals	55 48.71	35 26.62
Waste - Cotton	38.43	21.64
	<b>302 45.46</b>	<b>120 31.04</b>
<b>Details of Materials Consumed</b>		
Cotton, Waste Cotton and Yarn	<b>287 20.74</b>	113 82.25
Chemicals	<b>15 24.73</b>	6 48.79
	<b>302 45.47</b>	<b>120 31.04</b>

# **Sri Kannapiran Mills Limited**

Notes forming part of financial statements

(₹ in Lakhs)

Particulars	Amount 31.03.2022	Amount 31.03.2021
<b>24. Changes in inventory of Finished Goods and WIP</b>		
<b>Opening Stock</b>		
Finished Goods - Yarn	6 89.97	12 40.52
Finished Goods - Fabrics	11 07.66	17 76.15
Finished Goods - Glove	7.03	13.29
Work in Process	7 20.49	7 91.47
Stock In Trade -Shares	40.00	40.00
	<b>25 65.15</b>	<b>38 61.43</b>
<b>Closing Stock</b>		
Finished Goods - Yarn	22 43.85	6 89.97
Finished Goods - Fabrics	13 16.33	11 07.66
Finished Goods - Glove	47.77	7.03
Work in Process	11 84.73	7 20.49
Stock In Trade -Shares	40.00	40.00
	<b>48 32.68</b>	<b>25 65.15</b>
Stock (Increase) / Decrease	22 67.53	-12 96.28
<b>25. Employee Benefits Expenses</b>		
Salaries and wages	43 00.37	29 88.86
Contribution to provident and other funds	1 34.99	1 06.71
Gratuity Expenses	18.79	22.31
Welfare expenses	3 94.41	2 92.01
Managerial Remuneration	37.30	45.08
	<b>48 85.86</b>	<b>34 54.97</b>
<b>26. Finance cost</b>		
Interest on Working Capital	10 16.46	12 35.08
Interest on Term Loan	5 52.93	4 54.90
Bank Charges	94.88	76.88
	<b>16 64.27</b>	<b>17 66.86</b>
<b>27. Other Expenses</b>		
Consumption of Stores and Spare Parts	56.96	24.88
Consumption of packing materials	3 86.79	2 14.85
Repairs to Buildings	2 17.30	1 01.43
Repairs to Machinery	13 40.74	6 55.02
Insurance	82.70	76.59
Rates and Taxes, excluding, Taxes on Income	76.26	68.76
Accountancy and Legal charges	83.69	51.73
Filling Fees	0.05	0.15
Brokerage & Commission	4 14.97	1 91.57
Selling Expenses	1 62.35	1 04.46
Carriage Outwards	4 64.38	1 63.83
Lease Rent	40.01	39.39
Auditors Remuneration		
- For Audit Fees	5.00	3.50
- For Tax Audit Fees	1.00	0.75
- For Certification Fees & Other Miscellaneous Fees	2.21	8.21 0.44
Sitting Fees	2.25	1.70
C S R Expenses	7.80	13.27
Processing Charges	3 22.18	2 21.60
Bad Debts Written off	4 61.16	-
Prayer Hall Expenses	48.63	37.07
Loss on Sale of Assets (Net)	1 19.96	-
Agriculture expenses	6.88	4.44
Miscellaneous expenses (Refer Note 19)	4 15.41	3 16.04
	<b>47 18.68</b>	<b>22 91.47</b>

# **Sri Kannapiran Mills Limited**

## 28. Additional information to financial statement

1. Estimated amount of contracts remaining to be executed on capital accounts not provided for as on 31.03.2022 is Rs. 228.25 lakhs (31.03.2021 Rs.193.00 lakhs).
2. Future Hire Purchase charges payable as on 31.03.2022 is Rs. 13.52 lakhs. (Previous year 1.76 lakhs)
3. Income-tax Assessment for the Assessment years 2021-22 and onwards pending.
- 4 Imports-CIF Basis

### a) Purchases

(₹ in Lakhs)

Particulars	31.03.2022	31.03.2021
Spares and Components	148.78	106.23
Capital Goods	329.63	--

### b) Consumption

(₹ in Lakhs)

Particulars	Imported	Indigenous	Imported	Indigenous
Raw material value	---	30125.99	-	12031.05
As a % of Total Raw material Consumption	--	100%	-	100%
Spares and Components	138.89	1258.81	71.97	607.92
As a % of Total Spares & Components	9.94%	90.06%	10.59%	89.41%

(₹ in Lakhs)

5 i) Expenditure in Foreign Currency	31.03.2022	31.03.2021
Travelling Expenses	13.90	1.33
ii) Earnings in Foreign Currency		
Export of Goods FOB Basis on Direct Export	9500.69	4655.80
iii) Export through Merchant Exporters	--	--

### 6. Particulars regarding investment in the capital of the partnership firm.

Name of the Firm:-

K G House (Madras)

Total Capital of the Firm

Rs 16,18,400/-

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

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

# **Sri Kannapiran Mills Limited**

7. Foreign Exchange Fluctuation gain of Rs 113.73 lakhs in respect of restatement of parties is accounted in Profit & Loss account.
8. 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.
9. The segmental reporting as required under AS-17 is not applicable as the Company operates in only one segment, i.e., Textile.

## 10 AS 15 Employee Benefits

A. Defined Benefit Plan	(₹ in Lakhs)	
<b>I. Principal Actuarial Assumptions</b>		
	31.03.2022	31.03.2021
Discount Rate	7.30%	6.80%
Salary Escalation Rate	4.00%	4.00%
Attrition Rate	1.00%	1.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%
<b>II. Changes in the present value of the obligation (PVO) – Reconciliation of Opening and Closing Balances</b>		
	Gratuity (Unfunded)	Gratuity (Unfunded)
PVO as at the beginning of the period	444.82	436.08
Interest Cost	30.22	29.85
Current Service Cost	42.91	39.80
Past Service Cost – (Non Vested Benefits)	0	0
Past Service Cost – ( Vested Benefits)	0	0
Benefits Paid	-18.79	-22.31
Actuarial loss / (gain) on obligation (balancing figure)	-20.12	-38.60
PVO as at the end of the period	479.05	444.82
<b>III. Changes in the fair value of plan assets – Reconciliation of opening and closing balances</b>		
Fair value of the plan assets as at the beginning of the period	0	0
Expected return on plan assets	0	0
Contributions	0	0
Benefits paid	0	0
Actuarial gain / (loss) on plan assets (balancing figure)	0	0
Fair value of plan assets as at the end of the period	0	0
<b>IV. Actual return on plan assets</b>		
Expected return on plan assets	0	0
Actuarial gain / (loss) on plan assets	0	0
<b>V. Actuarial gain / loss recognized</b>		
Actuarial gain/(loss) for the period – Obligation	-20.13	-38.60
Actuarial gain / (loss) on plan assets	0	0
Total gain / (Loss) for the period	-20.13	-38.60
Actuarial gain / (loss) recognized in the period	-20.13	-38.60
Unrecognized actuarial (gain) / loss at the end of the year	53.02	31.05

# **Sri Kannapiran Mills Limited**

## VII. Expenses recognized in the statement of profit and loss

Current service cost	42.91	39.80
Interest Cost	30.23	29.85
Expected return on plan assets	0	0
Net actuarial (gain)/loss recognized in the year	-20.13	-38.60
Expenses recognized in the statement of profit and loss	53.02	31.05

## VIII. Movements in the liability recognized in the balance sheet

Opening net liability	444.82	436.08
Expense as above	73.14	69.65
Contribution paid	(18.79)	(22.31)
Closing net liability	479.05	444.82

### Note:

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

## B . Defined Contribution Plan

Contribution to Provident Fund	134.99	106.71
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## 11. AS 18 – Related Party Disclosures

Names of related parties :	
1. Key Management Personnel	Dr G Bakthavathsalam, Managing Director (upto 14.9.2021) Mr B Sriramulu, Managing Director Mr B Srihari, Managing Director Mr A Velusamy, Whole Time Director (upto 02.02.2021) Mrs K Vanithamani, Director Mr R Seenivasahan, Director Mr G Krishnakumar, Chief Financial Officer Mr K Jayaraj, Company Secretary
2. Relatives of Key Management Personnel	Mr K G Balakrishnan, Chairman Mrs T Anandhi
3. Subsidiary	Kannapiran Polymers Limited
4. Other Related Parties	K G Denim Limited Sri Balamurugan Textile Processing Limited RND Softtech Private Limited Trigger Apparels Limited Sri Karthikeya Spinning and Weaving Mills Private Limited

( ₹ in Lakhs)

Particulars	Subsidiary		Other Related Party		Key Management Personnel		Relatives of Key Management Personnel	
	2022	2021	2022	2021	2022	2021	2022	2021
Purchase of Goods	0.31	-	287.63	125.57	---	--	---	--
Purchase of Power			604.42	408.43	--	--	--	--
Sale of Goods	0.08	-	7111.52	3104.36	--	--	--	--
Conversion Charges (Receipt)	--	--	141.84	1136.55	--	--	--	--
Conversion Charges (Paid)	--	---	--	41.43	--	--	--	--
Managerial Remuneration	--	--	--	--	94.99	84.32	--	--
Sitting Fees	--	--	--	--	--	--	0.25	0.30
Lease Rent Paid – Land/Building/Machinery	--	--	21.24	21.24	--	--	21.23	20.61
Interest Paid on Inter corporate Deposit	--	--	-	25.63	---	--	--	--
Balance Outstanding as on March 31st	--	--			--	--	--	--
Payable	--	--	300.00	366.20	7.01	7.42	--	--
Receivable	56.85	-	370.63	940.68	--	--	--	--

# **Sri Kannapiran Mills Limited**

## 12 AS 19 – LEASES

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

( ₹ in Lakhs)

Particulars	31.03.2022	31.03.2021
Not later than one year	26.97	28.46
Later than one year but not later than five Years	16.50	34.50
Later than Five years	--	--

## 13 AS 20 – EARNINGS PER SHARES

( ₹ in Lakhs)

Particulars	31.03.2022	31.03.2021
Net profit after tax and adjustments	2675.54	228.36
Weighted average No. of Equity Shares	54,19,928	54,19,928
Basic & diluted Earnings Per Share (Face Value – Rs 10/- each)	49.36	4.21

## 14 AS 22 – DEFERRED TAX LIABILITY

( ₹ in Lakhs)

	Opening as on 01.04.2021	Adjustments made during the year	Closing as on 31.03.2022
Deferred Tax Liability			
Depreciation	1960.04	28.65	1988.70
Total	1960.04	28.65	1988.70
Deferred Tax Asset			
On Account of Losses	741.67	-741.67	
Provision for Gratuity (Net)	124.55	9.59	134.13
Amalgamation Expenses	6.19	-2.17	4.03
Total	872.41	-734.25	138.16
Net Deferred Tax Asset / (Liability)	1087.63	762.90	1850.53

- 15 a) The Company had taken input credit on Furnace oil used for producing power in the year 2006-07 under Tamil Nadu VAT act. The Commercial Tax Department, Tamil Nadu disputed the above and demanded reversal of input tax credit of ₹ 57.69 Lakhs and the Company had filed an appeal with Madras High court and the same is pending. The Company had paid an amount of ₹ 20 lakhs in this regard "under protest". The Company has fair chances of winning the appeal and hence not provided the same in accounts.
- b) TANGEDCO, Tamil Nadu is demanding E -Tax on Maximum Demand charges and self-generation Tax on units generated through windmills/D G sets. An amount of ₹ 225.81 lakhs (Previous year ₹ 187.90 lakhs) towards self-Generating Tax and Rs 62.46 lakhs (Previous year ₹ 50.21 lakhs) towards E-tax payable on Maximum Demand. The Company has gone through TASMA (Textiles Association) for appeal and the same is pending before the Supreme court. In respect of Deemed demand benefit of ₹ 182.06 lakhs (Previous year ₹ 158.92 lakhs). TANGEDCO has gone for appeal in Madras High court and the same is pending. These amounts are shown as liability in the books of accounts as on 31.3.22.
- c) The Company has preferred on appeal with the Commissioner of Income Tax (Appeals) Coimbatore in respect of disallowance u/s 14A of ₹ 17,39,281 as against Company's disallowance of ₹ 14,530 relevant to Assessment year 2014-15 This as resulted in decrease in carried forward loss of ₹ 17,39,281.
16. Electricity charges debited in Profit and loss account is net of electricity generation through wind mill of ₹ 149.46 lakhs (Previous year ₹ 139.26 lakhs).



# Sri Kannapiran Mills Limited

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

(₹ in Lakhs)

	Particulars	31.03.2022	31.03.2021
a)	Principal amount due Interest due on above	25.14 -	18.76 -
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.		

## 18. In the opinion of the Board of Directors, assets other than fixed assets and noncurrent investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

## 19. Details of Miscellaneous expenses

(₹ in Lakhs)

Particulars	31.03.2022	31.03.2021
Printing & Stationary	20.85	17.40
Postage & telephone	67.54	56.52
Subscription, newspaper & Advertisement	8.96	8.45
Travelling and maintenance of vehicle	237.72	203.42
Garden maintenance	5.70	4.17
Repairs & maintenance - others	73.69	25.95
General Expenses	0.95	0.13
Total	415.41	316.04

## 20. Analytical Ratios

Sl No		2022	2021	Variance %	Remarks
1	Current Ratio	1.16	0.99	17	Increase in Profits and availment of ECLGS term loan from Banks resulted in increase in ratio
2	Debt Equity Ratio	0.39	0.52	-26	Increase in profits resulted for reduction in ratio
3	Debt Service Coverage Ratio	2.69	1.26	113	Increase in profits resulted for increase in ratio
4	Return On Equity	0.26	0.03	913	Increase in profits resulted for increase in ratio
5	Inventory Turnover Ratio	5.69	4.05	40	Increase in sales volume resulted for increase in ratio
6	Trade Receivable Turnover Ratio	9.13	5.17	77	Increase in sales volume resulted for increase in ratio
7	Trade Payable Turnover Ratio	5.55	2.29	142	Increase in purchase volume resulted in increase in ratio.
8	Net Capital Ratio	38.02	20.71	-284	Increase in sales volume resulted for increase in ratio
9	Net Profit Ratio	5	1	500	Increase in selling margin resulted in increase in ratio
10	Return on Capital Employed	0.21	0.09	133	Increase in profits resulted for increase in ratio
11	Return on Investment	0.20	0.02	1078	Increase in profits resulted for increase in ratio

# **Sri Kannapiran Mills Limited**

## 21. Other Regulatory Information

### (i) Trade Payable ageing schedule as on 31.3.2022

(₹ in Lakhs)

Particulars	Not Due	Less than 1 year	1 year 2 years	2 years - 3 years	Above 3 years	Total
(i) MSME	25.14	-	-	-	-	25.14
(ii) Others	2210.40	4455.87	6.85	10.81	58.47	6742.40
(iii) Disputed dues – MSME		-	-	-	-	-
(iv) Disputed dues- others		-	-	-	-	-

### (ii) Trade Payable ageing schedule as on 31.3.2021

(₹ in Lakhs)

Particulars	Not Due	Less than 1 year	1 year 2 years	2 years - 3 years	Above 3 years	Total
(i) MSME	18.76	-	-	-	-	18.76
(ii) Others	2227.63	2437.54	114.64	22.54	39.77	48.42
(iii) Disputed dues – MSME		-	-	-	-	-
(iv) Disputed dues- others		-	-	-	-	-

### (iii) Trade Receivable ageing schedule as on 31.3.2022

(₹ in Lakhs)

Particulars	Not Due	Less than 6 months	6 months 1 year	1 year - 2 years	2 years -3 years	Above 3 years	Total
Undisputed Trade Receivable –considered good	5511.52	648.67	0.57	22.87	0.49	94.37	6278.49
Undisputed Trade Receivable –considered Doubtful		-	-	-	-	-	-
Disputed Trade Receivable- Considered good		-	-	-	-	-	-
Disputed Trade Receivable- Considered Doubtful		-	-	-	-	-	-

### (iv) Trade Receivable ageing schedule as on 31.3.2021

(₹ in Lakhs)

Particulars	Not Due	Less than 6 months	6months 1 year	1 year - 2 years	2years -3 years	Above 3 years	Total
Undisputed Trade Receivable –considered good	4020.12	165.83	312.94	35.24	109.19	231.64	4874.96
Undisputed Trade Receivable –considered Doubtful		-	-	-	-	-	-
Disputed Trade Receivable- Considered good		-	-	-	-	-	-
Disputed Trade Receivable- Considered Doubtful		-	-	-	-	-	-

### (v) Loans and advances made to Director, KMP related parties

(₹ in Lakhs)

Particulars	Amount of Loan or advance in the nature of loan outstanding	Percentage to the total loans and advances in the nature of loan
Promoters	-	-
	-	-
	-	-

# **Sri Kannapiran Mills Limited**

(vi) Disclosure regarding the discrepancies noted in the quarterly statement filed by the company with the banks (Indian Bank, The South Indian Bank, Central Bank of India, HDFC, Union Bank of India and State Bank of India) ( ₹ in Lakhs)

Quarter	Particulars of securities provided	Amount as per books of Accounts	Amount as reported in Quarterly returns/statement	Amount of difference
June 21	Inventories & Receivables	14384	15384	984
September 21		14512	16016	1504
December 21		15867	16825	957
March 22		17533	18538	1006

The difference was on account of different method of stock valuation adopted in respect of inventories and pending reconciliation of sundry debtors for the purpose of reporting in quarterly bank statements vis-a-vis books of accounts.

- (vii) All title deeds of immovable properties of the Company are held in the name of Company only.
- (viii) During the year, there is no Capital work in process on account of fixed assets.
- (ix) The Company has no intangible assets under development.
- (x) The Company is not holding any benami property and hence no proceeding has been initiated or pending against the company in this regard.
- (xi) The Company has not been declared as willful defaulter by any bank or financial institution during the year, as there was no over dues in working capital limits and term loans
- (xii) There is no transaction with struck off companies under section 248 of companies Act 2013 or section 560 of companies Act 1956
- (xiii) The company has created all required charges in respect of new term loan/working capital limits and also filed satisfaction of charges in respect of loans closed during the year with Registrar of Companies.
- (xiv) The company has not revalued its property, plant and equipment based on market price during the year.
- (xv) There has been no Scheme of Arrangement approved by the competent authority.
- (xvi) The Company has not made any Investment which is more than 2 layers.
- (xvii) The Company has not loaned or advanced the borrowed funds or Share Premium amount to any other persons or entities with an understanding to
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by behalf of the company (Ultimate Beneficiaries) (or)
- (b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

**22. 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 Gopalaiyer and Subramanian Firm Regd. No.000960S Chartered Accountants (Sd/-) CA R Mahadevan	(Sd/-) B Sriramulu Managing Director DIN No : 00002560
Coimbatore 06.07.2022	(Sd/-) K Jayaraj Company Secretary
Partner Membership No. 027497	(Sd/-) G Krishnakumar Chief Financial Officer

# Sri Kannapiran Mills Limited

## INDEPENDENT AUDITORS' REPORT

To  
The Members of M/s. **SRI KANNAPIRAN MILLS LIMITED,**

### **Report On the Audit of the Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements of SRI KANNAPIRAN MILLS LIMITED ("the Holding Company"), and its subsidiary Kannapiran Polymers Limited together referred to as the "Group" which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss and consolidated Statement of cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as the "Consolidated Financial Statements").

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act 2013, ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit for the year ended on that date.

### **Basis for opinion**

We conducted our audit of the Consolidated Financial Statements in accordance with the standards on auditing 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 Consolidated 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 independence requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the rules hereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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

### **Key audit matters**

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

### **Information other than the Consolidated 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 Annexure to Board's Report, Business Responsibility Report but does not include the Consolidated Financial Statement and our auditor's report thereon.

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

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

Consolidated 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 Consolidated Financial Statements**

- A. The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position and financial performance, and its 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- B. In preparing the Consolidated financial statements, the respective board of directors of the companies are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's responsibilities for the audit of the Consolidated Financial Statements**

- A. Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.
- B. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the 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 Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- C. Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.
- D. 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.
- E. 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.

**Report on other legal and regulatory requirements**

1. 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 consolidated balance sheet, the consolidated statement of profit and loss and the consolidated statement of cash flows dealt with by this report agree with the books of account;
  - (d) In our opinion, the aforesaid Consolidated 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 March 31, 2022 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2022 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 A".
  - (g) With respect to other matters included in the Auditor's Report in accordance with the

# Sri Kannapiran Mills Limited

requirements of section 197(16) of the Companies Act, 2013, in our opinion and to the vest of our information and according to the explanations given to us, the remuneration paid by the Company to its Director's during the year is in accordance with the provisions of the Section 197 of the Act; and

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- (i). The Company does 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; and
- (iii). There are no amounts that are required to be transferred, to the Investor Education and Protection Fund by the Company.
- (iv). (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (d) The company has declared and paid preference dividend during the year.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

**For Gopalaiyer and Subramanian  
Chartered Accountants  
FRN : 000960S**

**CA. R.Mahadevan  
Partner  
(Membership No. 027497)  
(UDIN: 22027497AMSVLD6581)**

Place: Coimbatore  
Date : 06/07/2022

# Sri Kannapiran Mills Limited

## “ANNEXURE A” TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' section of our report of the even date to the members of **M/s. SRI KANNAPIRAN MILLS LIMITED** on the Consolidated Financial Statements for the year ended March 31, 2022.

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

1. We have audited the internal financial controls over financial reporting of M/s SRI KANNAPIRAN MILLS LIMITED (“the Company”) as of March 31, 2022 in conjunction with our audit of the consolidated financial statements of the company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

2. The respective board of directors of the company and its subsidiary company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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**

3. Our responsibility is to express an opinion on the Company and its subsidiary 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”) issued by the ICAI 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 controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

# Sri Kannapiran Mills Limited

- 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 authorisation 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.**

7. 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**

8. In our opinion, the company and its subsidiary 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 31,2022, 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  
FRN : 000960S**

**CA. R.Mahadevan  
Partner  
(Membership No. 027497)  
(UDIN: 22027497AMSVLD6581)**

Place: Coimbatore  
Date : 06/07/2022

# **Sri Kannapiran Mills Limited**

**Consolidated Balance Sheet as at 31st March, 2022**

(₹ in Lakhs)

Particulars	Note No.	31-03-2022
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share capital	2	542.00
Reserves and Surplus	3	10923.97
Minority Interest	3a	43.98
<b>Non-Current Liabilities</b>		
Long Term Borrowings	4	4611.44
Deferred Tax Liabilities (Net)	5	1849.45
Other Long Term Liabilities	6	469.67
Long Term Provisions	7	433.30
<b>Current Liabilities</b>		
Short Term Borrowings	8	8808.67
Trade Payables		
(a) total outstanding dues of micro enterprises and small enterprises	9	25.14
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	9	6749.69
Other Current Liabilities	10	1384.26
Short-Term Provisions	11	143.55
<b>TOTAL</b>		<b>35985.13</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant & Equipment and Intangible assets		
(a) Property, Plant & Equipments	12	13539.06
(b) Intangible Assets		0.05
(c) Capital Work-in-Progress		285.43
Non-current investments	13	725.20
Long-Term Loans and Advances	14	108.68
Other Non Current Assets	15	1444.11
<b>Current Assets</b>		
Inventories	16	10983.21
Trade Receivables	17	6175.87
Cash and Cash Equivalents	18	493.25
Short-Term Loans and Advances	19	1662.76
Other Current Assets	20	567.52
<b>TOTAL</b>		<b>35985.13</b>
Significant Accounting Policies	1	
Additional information to Financial statement	28	
see accompanying notes to the financial statements		(Sd/-) <b>KG Balakrishnan</b> Chairman DIN No : 00002174
<b>In terms of our Report of even date For Gopalaiyer and Subramanian</b>		(Sd/-) <b>B Sriramulu</b> Managing Director DIN No : 00002560
Firm Regd. No.000960S Chartered Accountants		(Sd/-) <b>B Srihari</b> Managing Director DIN No : 00002556
(Sd/-) <b>CA R Mahadevan</b>		(Sd/-) <b>K Jayaraj</b> Company Secretary
Coimbatore 06.07.2022	Partner Membership No. 027497	(Sd/-) <b>G Krishnakumar</b> Chief Financial Officer

# **Sri Kannapiran Mills Limited**

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2022 ( ₹ in Lakhs)

Particulars	Note No.	31-03-2022
<b>REVENUE</b>		
Revenue from Operations	21	49357.74
Other Income	22	219.41
<b>Total Revenue</b>		<b>49577.1</b>
<b>EXPENSES</b>		
Cost of Materials consumed	23	30245.39
Purchases of Stock in Trade		1517.38
Changes in Inventories of Finished Goods and Work-in-Progress	24	-2267.53
Power & Fuel		3954.99
Employee Benefits Expense	25	4885.86
Finance Costs	26	1664.27
Depreciation		830.19
Other Expenses	27	4723.86
<b>Total Expenses</b>		<b>45554.42</b>
<b>Profit Before Tax</b>		<b>4022.72</b>
Tax Expense:		
Current Tax (MAT)		-724.00
(Less) : Mat Credit Entitlement		233.27
Prior Year Expenses		-1.90
Deferred Tax Liability		-761.82
Dividend Paid on Preference Shares		-96.84
<b>Profit After Tax &amp; Appropriations</b>		<b>2671.44</b>
Minority Interest Loss		-1.03
Profit for the Period		2670.40
<b>Earnings per Equity Share</b>		
Basic and Diluted Earnings per Share (in ₹)		<b>49.27</b>
(Face value ₹ 10/- per Share)		
Significant Accounting Policies	1	
Additional Information to Financial statements	28	
see accompanying notes to the financial statements		
<b>In terms of our Report of even date For Gopalaier and Subramanian</b>	<b>(Sd/-) KG Balakrishnan</b> Chairman DIN No : 00002174	
Firm Regd. No.000960S Chartered Accountants	<b>(Sd/-) B Sriramulu</b> Managing Director DIN No : 00002560	<b>(Sd/-) B Srihari</b> Managing Director DIN No : 00002556
<b>(Sd/-) CA R Mahadevan</b> Partner	<b>(Sd/-) G Krishnakumar</b> Chief Financial Officer	<b>(Sd/-) K Jayaraj</b> Company Secretary
Coimbatore 06.07.2022	Membership No. 027497	

# **Sri Kannapiran Mills Limited**

**Consolidated Cash Flow Statement for the year ended 31st March 2022** (₹ in Lakhs)

PARTICULARS	31.03.2022
<b>A. Cash Flow from Operating Activities</b>	
Net Profit before tax	4022.73
Adjustments for :	
Depreciation	830.19
Loss on sale of Assets	119.96
Interest income	-23.88
Dividend income	-0.02
Interest paid	1664.27
Extraordinary Items	5.18
Operating Profit before Working Capital Changes	6618.44
(Increase)/Decrease in trade and other receivables	-2223.11
(Increase)/Decrease in inventories	-4534.53
Increase/(Decrease) in trade and other payables	998.51
Cash generated from operations	859.30
Direct taxes paid	-406.14
Extra ordinary Items	-5.18
Net Cash from Operating activities	447.98
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	-1210.95
Capital Advances	-45.15
Proceeds from sale of fixed assets	47.11
Purchase of Investment	-290.54
Prior year expenses	-1.90
Interest received	21.89
Dividend received	0.02
Net cash used in investing activities	-1479.52
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>	
Long term Borrowings received	1269.70
Long term Borrowings repaid	-1321.81
Short term borrowings	2867.85
Interest Paid	-1667.62
Share Capital Account	43.30
Dividend paid on preference shares	-96.84
Net cash used in financing activities	1094.57
Net increase in cash and cash equivalents	63.03
Cash and cash equivalents at beginning of the period	430.22
Cash and cash equivalents at end of the period	493.25
Components of Cash and Cash equivalents as at 31st March 2022	
Cash and Cheques on hand	11.08
in Current Account	8.89
in Deposit Account	473.28
	493.25

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  
06.07.2022

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)

### **Principles of Consolidation**

The Consolidated Financial Statement relate to Sri Kannapiran Mills Limited and its Subsidiary, have been prepared on a line by line basis by adding together the book values like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions as stated in Accounting Standard 21.

The subsidiary companies considered in the consolidated financial statements are

Name of the Company	Country of Incorporation	Proportion of voting power as on 31.03.2022
Kannapiran Polymers Limited	India	75%

### **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 the 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.

# Sri Kannapiran Mills Limited

## **AS-9 REVENUE RECOGNITION**

a) Revenue from sale transactions is recognised as and when the property in the goods sold is transferred to the buyer for a definite consideration. Revenue from service transactions are recognised on the completion of the contract at the contracted rate and when there is no uncertainty regarding the amount of consideration or collectability. b) Direct Sales as reported are net of Sales Tax. c) Proceeds of export sales of yarn are accounted on the basis of credit given by our bankers. d) Export incentives under DEPB licence 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.

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# Sri Kannapiran Mills Limited

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## **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 CONSOLIDATED FINANCIAL STATEMENTS

( ₹ in Lakhs)

## 2. Share Capital

Particulars	Numbers	Amount
	31.03.2022	31.03.2022
Number and amount of Equity shares authorized (Face Value ₹ 10 each)	2 70 00 000	2700.00
Number and amount of Preference shares Authorized (Face Value ₹ 100 each)	6 00 000	600.00
Number and amount of Equity shares issued	55 03 024	550.30
Number of Equity shares subscribed and fully paid up	54 19 928	541.99
Add : Forfeited Shares	-	0.01
<b>Total</b>	<b>54 19 928</b>	<b>542.00</b>

Par value per Equity share (in Rs 10 each)

### Terms & Conditions of equity shares:

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

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

There are no shares allotted as fully paid without payments being received in cash, bonus shares or shares bought back immediately preceding five previous years. 46401 shares were bought back by the Company during The Company has redeemed Preference shares of ₹ 135 lakhs during the year 2021-22 (previous year outstanding ₹ 135 lakhs)

# **Sri Kannapiran Mills Limited**

## Notes forming part of Consolidated financial statements

( ₹ in Lakhs)

	Amount 31.03.2022
<b>3. RESERVES AND SURPLUS</b>	
<b>General Reserve</b>	
As per last Balance Sheet	3806.00
Less: Transfer to Capital Redemption reserve towards redemption of Preference shares	135.00
	3671.00
<b>Capital Redemption Reserve</b>	
As per last Balance sheet	4.64
Add: Transfer from General Reserve towards redemption of Preference shares	135.00
	139.64
<b>Surplus</b>	
As per last Balance Sheet	1434.50
	-
Add: Transfer from Profit and Loss Statement	2675.54
Add: Share of Profit from Subsidiary	-3.07
Closing balance	4106.98
<b>Revaluation Reserve</b>	
As per last Balance sheet	1392.25
	-
	1392.25
<b>Capital Reserve</b>	
As per last Balance sheet	1614.10
	1614.10
	10923.97
<b>3a. Minority Interest</b>	
<b>Share Capital</b>	45.01
<b>Reserves &amp; Surplus</b>	-1.03
	43.98
<b>4. NON CURRENT LIABILITIES</b>	
<b>Long Term Borrowings</b>	
<b>Secured</b>	
Term Loans From Banks	4022.51
LC Liability for Capital Goods -Indian Bank	196.61
<b>Unsecured</b>	
Long term maturities of finance lease obligations	62.32
<b>Deposits:</b>	
(a) Inter Corporate Deposit	300.00
(b) Performance Deposit	30.00
Loans and advances from related parties - Deposits from Director	-
	4611.44

### SECURITY CLAUSE AS AT 31.3.2022

Term Loans from Indian Bank amounting of ₹ 1312.38 lakhs is secured by first pari passu charge a) on all immovable properties situated at 1) Sowripalayam, Coimbatore 2) Kempnaicken palayam, Annur 3) Then Tirumalai, Mettupalayam 4) Onapalayam, Coimbatore 5) leasehold rights of 32.825 acres of land at SIPCOT Industrial Growth Centre, Perundurai and Yarn processing unit at Kalapatti, Coimbatore. b) all plant and machineries including machineries and other movable assets(excluding assets exclusively charged to Union Bank of India, South Indian Bank and ICICI Bank) of Spinning units 1) Sowripalayam, Coimbatore 2) Kempnaicken palayam, Annur 3) Then Tirumalai, Mettupalayam 4) Onapalayam, Coimbatore, 5) Weaving unit at SIPCOT Industrial Growth Centre, Perundurai and Yarn processing unit at Kalapatti, Coimbatore and second pari passu charge on stock in trade and book debts of all units of Company.

Term Loan from Union Bank of India of ₹ 253.41 lakhs is secured by first charge on the Second Dyeing & Sizing line together with other equipments acquired for the Expansion Scheme by hypothecation and 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 of the Company.

Term loan from South Indian Bank of ₹ 431 lakhs is secured by exclusive charge on assets acquired out of the term loan and pari-passu second charge on the entire current assets of the Company along with Indian Bank and Union Bank of India.

# **Sri Kannapiran Mills Limited**

Term Loan from HDFC Bank of ₹ 380.10 lakhs is secured by an exclusive charge on one acre of land at Trichy Road, Coimbatore by way of equitable mortgage.

Term loan availed by Subsidiary Company from Union Bank of India (outstanding ₹ 199.51 lakhs) is secured by hypothecation of machineries purchased out of the bank finance and other assets created out of bank finance. Term Loan of Union bank of India ₹ 283 lakhs (PY Nil) is repayable in 60 monthly instalments beginning from December 2022 and ending by December 2027. Interest rate 9.55 % p.a (PY Nil).

Vehicle Loan availed by Subsidiary Company from Kotak Mahindra Bank Limited is secured by hypothecation of the Vehicle purchased out of the loan

GECL Loans availed from Indian Bank of ₹ 980 lakhs, Central Bank of India of ₹ 287.75 lakhs, South Indian Bank Ltd of ₹ 202 lakhs, State Bank of India of ₹ 378 lakhs, HDFC Bank of ₹ 386.04 lakhs and Union Bank of India of ₹ 444.84 lakhs have been secured by pari-passu first charge on the entire current assets of the Company and pari-passu second charge on entire fixed assets of the Company (Excluding assets exclusively charged to Union Bank of India, South Indian Bank Ltd and ICICI Bank).

Bank	Outstanding as on		Interest rate %	Repayment months	From	Last Installment
	31.3.22	31.3.21				
Indian Bank TL	483.36	673.23	7.50	31		Oct'25
Indian Bank TL	829.02	1095.43	7.50	38		May'25
Indian Bank Covid	125.52	241.38	7.30	13		Apr'23
Indian Bank ECLGS	653.00	653.00	8.30	48	Apr'22	Mar'26
Indian Bank ECLGS	327.00	-	8.30	48	Jan'24	Dec'27
South Indian Bank TL	431.00	-	8.50	60	Oct'22	Sep'27
South Indian Bank ECLGS	135.00	135.00	9.20	48	Apr'22	Mar'26
South Indian Bank ECLGS	67.00	-	9.25	48	Apr'23	Mar'27
Central Bank of India ECLGS	189.75	198.00	9.25	46		Jan'26
Central Bank of India ECLGS	98.00	-	8.25	48	Mar'24	Feb'28
State Bank of India – Covid	10.44	190.00	7.25	1		Apr'22
State Bank of India - ECLGS	378.00	378.00	7.95	48	Apr'22	Mar'26
Union Bank of India TL	287.84	373.41	8.25	19		Oct'23
Union Bank of India ECLGS	253.41	314.00	7.95	44		Nov'25
Union Bank of India ECLGS	157.00	-	7.95	48	Mar'24	Feb'28
HDFC Bank TL	380.10	609.10	8.50	21		Nov'23
HDFC Bank ECLGS	186.04	190.00	7.50	47		Feb'26
HDFC Bank ECLGS	200.00	200.00	7.50	48	Apr'22	Mar'26
HDFC Bank Covid	19.01	83.55	8.25	3		Jun'22
ICICI Bank	56.79	76.60	12.25	28		Jul'24
ICICI Bank	63.72	-	10.76	60	Apr'22	Mar'27
Union Bank of India – Term Loan	199.51	-	9.55	60	Dec'22	Dec'27

The Term Loans (excluding GECL Loans) from Indian Bank is guaranteed by Mr B Srihari Managing Director. Term loan from HDFC Bank, Union Bank of India and South Indian Bank are guaranteed by Mr K G Balakrishnan, Chairman and Mr B Srihari, Managing Director.

There is no delay in payment of term loan dues and interest payment as at 31.3.2022

Working capital facilities from Indian Bank Consortium (Indian Bank, Central Bank of India, The South Indian Bank Ltd, State Bank of India, HDFC Bank and Union Bank of India) 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 and plant and machineries of company (Excluding assets exclusively charged to Union Bank of India, HDFC Bank, South Indian Bank Ltd and ICICI Bank).

The Working capital limits from Indian Bank is guaranteed by Mr B Srihari Managing Director. Working capital limits from State Bank of India is guaranteed by Mr K G Balakrishnan, Chairman. Working capital limits from HDFC Bank, Union Bank of India, Central Bank of India and South Indian Bank are guaranteed by Mr K G Balakrishnan, Chairman and Mr B Srihari, Managing Director.

As regards current maturities of long term borrowings refer Note No.8 –Short Term Borrowings

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

M/s. Sri Kannapiran Mills Limited have given Corporate Guarantee and Mr. Govind M Padiath, Director of the Subsidiary Company has given personal guarantee to the Bank for the term loan availed by Subsidiary Company. The aggregate value of guarantee as on the 31.03.2022 was ₹ 294.21 lakhs (PY Nil).

# **Sri Kannapiran Mills Limited**

## Notes forming part of Consolidated financial statements

(₹ in Lakhs)

	Particulars	Amount 31.03.2022
5.	<b>Deferred tax liabilities</b>	
	Deferred Tax Asset:	
	On account of Business Loss	1.08
	Amalgamation Expenses	4.03
	Provision for Gratuity	134.13
		<u>139.24</u>
	Deferred Tax Liability:	
	On account of Depreciation	1988.70
	<b>Net Deferred Tax Liabilities</b>	<u>1849.45</u>
6.	<b>Other Long Term Liabilities</b>	
	Other Payable :	469.67
		<u>469.67</u>
7.	<b>Long Term Provisions</b>	
	Provision for Gratuity	433.30
		<u>433.30</u>
	<b>CURRENT LIABILITIES</b>	
8.	<b>Short Term Borrowings</b>	
	Secured	
	Loans repayable on Demand from Banks (Secured)	6386.62
	From Bank (Unsecured)	902.75
	Current maturities of long term Debt	1519.30
		<u>8808.67</u>
9.	<b>Trade Payables</b>	
	Due to Micro, Small & Medium Enterprises	25.14
	Others	6749.69
		<u>6774.84</u>
	For ageing schedule refer note no: 1 & 2 in other notes	
10.	<b>Other Current Liabilities</b>	
	Current maturities of finance lease obligations	20.29
	Interest accrued and due on borrowings	19.84
	Advances from Customers	149.89
	Other Payables	1194.24
		<u>1384.26</u>
	<b>Short-term provisions</b>	
11.	<b>Provision for Employee benefits :</b>	
	Provision for Gratuity	45.75
	Provision for Tax (Net of Advance Tax)	97.80
		<u>143.55</u>



# Sri Kannapiran Mills Limited

## 12. FIXED ASSETS (₹ in Lakhs)

Description of Assets	Gross Block		Sales During the year	As at 31.03.2022	Depreciation		Withdrawn for the Year	Upto 31.03.2022	Net Block	
	As at 01.04.2021	Additions During the year			Upto 31.03.2021	For the Year			As at 31.03.2022	As at 31.03.2021
<b>TANGIBLE ASSETS</b>										
1. Land	1 835.55	-	-	1 835.55	-	-	-	-	1 835.55	1 835.55
2. Building	4 749.06	190.44	.00	4 939.49	2 131.27	124.34	-	2 255.61	2 683.89	2 617.79
3. Machinery	19 179.67	581.91	782.96	18 978.62	10 737.89	537.25	626.39	10 648.75	8 329.87	8 441.78
4. Elec. Machinery	2 575.02	59.80	202.93	2 431.89	2 033.21	92.30	192.78	1 932.72	499.17	541.81
5. Furniture & Fixtures	413.46	3.68	.00	417.14	392.87	2.58	-	395.45	21.69	20.59
6. Office Equipments	123.05	5.08	.00	128.13	97.76	6.34	-	104.10	24.03	25.29
7. Motor Vehicles	302.19	84.62	7.15	379.66	176.24	67.39	6.79	236.84	142.82	125.95
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
10. Work in progress	285.43	-	-	285.43	-	-	-	.00	285.43	.00
	<b>29504.30</b>	<b>925.52</b>	<b>993.04</b>	<b>29436.79</b>	<b>15608.07</b>	<b>830.19</b>	<b>825.97</b>	<b>15612.30</b>	<b>13824.49</b>	<b>13610.80</b>
<b>INTANGIBLE ASSETS</b>										
10. Software	7.12	-	-	7.12	7.07	-	-	7.07	0.05	0.05
<b>TOTAL</b>	<b>29511.42</b>	<b>925.52</b>	<b>993.04</b>	<b>29443.91</b>	<b>15615.14</b>	<b>830.19</b>	<b>825.97</b>	<b>15619.37</b>	<b>13824.54</b>	<b>13610.85</b>
<b>Previous year</b>	<b>29218.20</b>	<b>228.36</b>	<b>220.57</b>	<b>29225.99</b>	<b>15064.16</b>	<b>757.83</b>	<b>206.84</b>	<b>15615.14</b>	<b>13610.85</b>	<b>14154.04</b>

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

# **Sri Kannapiran Mills Limited**

## NON-CURRENT INVESTMENTS

(₹ in Lakhs)

13.	Investments in Equity Instruments (At Cost)	Face value	31.03.2022	31.03.2022
			Nos.	Amount
	<b>Non Trade- Quoted-Fully paid up</b>			
	Rajshree Sugars and Chemicals Ltd.	10	5 000	0.50
	IDBI Bank Limited	10	14 240	11.57
	Indian Bank	10	1 000	0.91
	The South Indian Bank Ltd	10	4 323	0.61
	<b>Trade Investments - Quoted</b>			
	K G Denim Limited	10	30 65 183	423.85
	<b>Trade Investments - Unquoted</b>			
	iEnergy Wind farms (Theni) Private Limited	10	1 500	0.15
	Watsun Infrabuild Pvt Ltd	10	1 78 934	17.89
	Arkay Energy (Rameswaram) Ltd	10	7 56 502	75.65
	Arja Energys Pvt Ltd	10	2 50 000	25.00
	Vishnuvimal Yarns India Pvt Ltd	10	26 000	2.60
	Cotton Sourcing Company Limited	10	10 000	1.00
	Nellai Renewables Private Limited	10	15 75 000	157.50
	<b>Non Trade Investments - Unquoted</b>			
	National Saving Certificate			-
	Kannapiran Mills Employee's Co-op. Stores Limited			0.04
	<b>Investment in Partnership firm</b>			
	M/s. K G House (Madras)			7.94
				<b>725.20</b>
	Aggregate Value of quoted investments			
	Cost			437.43
	Market value			1447.90
	Aggregate amount of unquoted investments			490.52

# **Sri Kannapiran Mills Limited**

## Notes forming part of Consolidated financial statements

(₹ in Lakhs)

	Particulars	31.03.2022
14.	<b>Long-term loans and advances</b> (Unsecured, considered good) <b>Other Loans and Advances :</b>  Advances recoverable in cash or kind, for value to be received	1 08.68
		<b>1 08.68</b>
15.	<b>Other Non Current Assets</b> Long Term Trade Receivables TUF Subsidy Receivable Security Deposits MAT Credit Entitlement	12 39.01
		<b>14 44.11</b>
16.	<b>Inventories (At lower of cost or net realisable value)</b> Cotton & Cotton Waste Yarn Work-in-progress Finished goods -Yarn Finished goods -Fabrics Stock In Trade -Equity shares Stores and spares Chemicals  Refer Accounting policy AS -2 for mode of valuation	2 25.44
		<b>109 83.21</b>
17.	<b>Trade Receivables</b> (Unsecured, considered good) Outstanding for a period exceeding six months from the due date Others	60 65.60
		<b>61 75.87</b>
For ageing schedule refer note No: 3 & 4 in other notes		
18.	<b>Cash and bank balances</b> <b>Cash and cash equivalents</b> <b>Balances with banks</b> In Current Account Cheque on hand Cash on hand Other Bank Balances Deposits held as Margin money	4 73.28
		<b>4 93.25</b>
19.	<b>Short-term loans and advances</b> (Unsecured, Considered Good) Advances recoverable in cash or in kind, or for value to be received	16 62.74
		<b>16 62.74</b>

# **Sri Kannapiran Mills Limited**

Notes forming part of Consolidated financial statements

(₹ in Lakhs)

	Particulars	31.03.2022
<b>20.</b>	<b>Other current assets</b>	
	(a) Interest accrued on Bank Deposits	6.05
	<b>(b) Income Receivable:</b>	
	(i) TUF Subsidy Receivable	24.55
	(ii) Duty draw back receivable	37.33
	(iii) Conversion Charges Receivable	7.06
	(iv) Excise Duty Receivable	.00
	(v) GST Receivable	53.76
	(vi) MEIS Premium Receivable	1.56
	(vii) RODTEP Premium Receivable	2 66.12
	(c) Security Deposit	47.60
	(d) Prepaid expenses	1 23.50
	(e) Advance taxes ( Net of Provisions therefor)	.00
		<b>5 67.52</b>
<b>21.</b>	<b>Revenue from operations</b>	
	<b>a) Sale of products</b>	
	Yarn	321 99.30
	Glove	5 23.32
	Fabric	152 66.31
	Waste	1 20.17
		<b>481 09.11</b>
	<b>b) Sale of services</b>	
	Conversion Charges -Others	7 28.08
		<b>7 28.08</b>
	<b>c) Other operating revenues:</b>	
	Export Incentives	5 20.55
		5 20.55
		<b>493 57.74</b>
<b>22.</b>	<b>Other income</b>	
	Interest Income	23.88
	Dividend Income	0.02
	Rent Received	4.13
	Profit on sale of assets	.00
	Agriculture Income	5.31
	Foregin Exchange (gain) -Net	1 16.23
	Miscellaneous receipts	69.84
		<b>2 19.41</b>
<b>23.</b>	<b>Cost of materials consumed</b>	
	Opening Stock	
	Raw material - Cotton, Yarn & Chemicals	35 26.55
	Waste - Cotton	21.64
	Add : Purchases - Cotton, Waste Cotton & Chemicals	322 84.34
		<b>358 32.53</b>
	Less : sale of Rawmaterial	-
	Less: Closing Stock	
	Raw material - Cotton, Yarn & Chemicals	55 48.71
	Waste - Cotton	38.43
		<b>302 45.39</b>
	<b>Details of Materials Consumed</b>	
	Cotton, Waste Cotton and Yarn	<b>287 20.66</b>
	Chemicals	<b>15 24.73</b>
		<b>302 45.39</b>

# **Sri Kannapiran Mills Limited**

Notes forming part of Consolidated financial statements

(₹ in Lakhs)

	Particulars	31.03.2022
<b>24.</b>	<b>Changes in inventory of Finished Goods and WIP</b>	
	<b>Opening Stock</b>	
	Finished Goods - Yarn	6 89.97
	Finished Goods - Fabrics	11 07.66
	Finished Goods - Glove	7.03
	Work in Process	7 20.49
	Stock In Trade -Shares	40.00
		<b>25 65.15</b>
	<b>Closing Stock</b>	
	Finished Goods - Yarn	22 43.85
	Finished Goods - Fabrics	13 16.33
	Finished Goods - Glove	47.77
	Work in Process	11 84.73
	Stock In Trade -Shares	40.00
		<b>48 32.68</b>
	Stock (Increase) / Decrease	<b>22 67.53</b>
<b>25.</b>	<b>Employee Benefits Expenses</b>	
	Salaries and wages	43 00.37
	Contribution to provident and other funds	1 34.99
	Gratuity Expenses	18.79
	Welfare expenses	3 94.42
	Managerial Remuneration	37.30
		<b>48 85.86</b>
<b>26.</b>	<b>Finance cost</b>	
	Interest on Working Capital	10 16.46
	Interest on Term Loan	5 52.93
	Bank Charges	94.88
		<b>16 64.27</b>

# **Sri Kannapiran Mills Limited**

Notes forming part of Consolidated financial statements

(₹ in Lakhs)

	Particulars		31.03.2022
27.	<b>Other Expenses</b>		
	Consumption of Stores and Spare Parts		56.96
	Consumption of packing materials		3 86.79
	Repairs to Buildings		2 17.30
	Repairs to Machinery		13 40.74
	Insurance		82.70
	Rates and Taxes, excluding, Taxes on Income		76.26
	Accountancy and Legal charges		83.69
	Filing Fees		0.05
	Brokerage & Commission		4 14.97
	Selling Expenses		1 62.35
	Carriage Outwards		4 64.38
	Lease Rent		40.01
	<b>Auditors Remuneration</b>		
	- For Audit Fees	5.00	
	- For Tax Audit Fees	1.00	
	- For Certification Fees & Other Miscellaneous Fees	2.21	8.21
	Sitting Fees		2.25
	C S R Expenses		7.80
	Processing Charges		3 22.18
	Bad Debts Written off		4 61.16
	Prayer Hall Expenses		48.63
	Loss on Sale of Assets (Net)		1 19.96
	Agriculture expenses		6.88
	Miscellaneous expenses (Refer Note 19)		4 20.59
			<b>47 23.86</b>

# **Sri Kannapiran Mills Limited**

## 28. Additional information to financial statement

1. Estimated amount of contracts remaining to be executed on capital accounts not provided for as on 31.03.2022 is ₹ 273.30 lakhs.
2. Future Hire Purchase charges payable as on 31.03.2022 is ₹ 13.52 lakhs.
3. Income-tax Assessment for the Assessment years 2021-22 and onwards pending.

### 4 Imports-CIF Basis

#### a) Purchases (₹ in Lakhs)

Particulars	31.03.2022
Spares and Components	148.78
Capital Goods	329.63

#### b) Consumption

Particulars	Imported	Indigenous
Raw material value	---	30125.99
As a % of Total Raw material Consumption	--	100%
Spares and Components	138.89	1258.81
As a % of Total Spares & Components	9.94%	90.06%

- 5 i) Expenditure in Foreign Currency **31.03.2022**
  - Travelling Expenses 13.90
- ii) Earnings in Foreign Currency
  - Export of Goods FOB Basis on Direct Export 9500.69
  - iii) Export through Merchant Exporters --

6. Particulars regarding investment in the capital of the partnership firm.

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

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

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

# **Sri Kannapiran Mills Limited**

7. Foreign Exchange Fluctuation gain of Rs 113.73 lakhs in respect of restatement of parties is accounted in Profit & Loss account.
8. 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.
9. The segmental reporting as required under AS-17 is not applicable as the Company operates in only one segment, i.e., Textile.

## 10 AS 15 Employee Benefits

A. Defined Benefit Plan	(₹ in Lakhs)
<b>I. Principal Actuarial Assumptions</b>	
Discount Rate	7.30%
Salary Escalation Rate	4.00%
Attrition Rate	1.00%
Expected Rate of Return on Plan Assets	0.00%
<b>II. Changes in the present value of the obligation (PVO) – Reconciliation of Opening and Closing Balances</b>	
PVO as at the beginning of the period	444.82
Interest Cost	30.22
Current Service Cost	42.91
Past Service Cost – (Non Vested Benefits)	0
Past Service Cost – ( Vested Benefits)	0
Benefits Paid	-18.79
Actuarial loss / (gain) on obligation (balancing figure)	-20.12
PVO as at the end of the period	479.05
<b>III. Changes in the fair value of plan assets – Reconciliation of opening and closing balances</b>	
Fair value of the plan assets as at the beginning of the period	0
Expected return on plan assets	0
Contributions	0
Benefits paid	0
Actuarial gain / (loss) on plan assets (balancing figure)	0
Fair value of plan assets as at the end of the period	0
<b>IV. Actual return on plan assets</b>	
Expected return on plan assets	0
Actuarial gain / (loss) on plan assets	0
<b>V. Actuarial gain / loss recognized</b>	
Actuarial gain/(loss) for the period – Obligation	-20.13
Actuarial gain / (loss) on plan assets	0
Total gain / (Loss) for the period	-20.13
Actuarial gain / (loss) recognized in the period	-20.13
Unrecognized actuarial (gain) / loss at the end of the year	53.02

# **Sri Kannapiran Mills Limited**

## VII. Expenses recognized in the statement of profit and loss

Current service cost	42.91
Interest Cost	30.23
Expected return on plan assets	0
Net actuarial (gain)/loss recognized in the year	-20.13
Expenses recognized in the statement of profit and loss	53.02

## VIII. Movements in the liability recognized in the balance sheet

Opening net liability	444.82
Expense as above	73.14
Contribution paid	(18.79)
Closing net liability	479.05

### Note:

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

## B . Defined Contribution Plan

Contribution to Provident Fund	134.99
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## 11. AS 18 – Related Party Disclosures

Names of related parties :	
1. Key Management Personnel	Dr G Bakthavathsalam, Managing Director (upto 14.9.2021) Mr B Sriramulu, Managing Director Mr B Srihari, Managing Director Mr A Velusamy, Whole Time Director (upto 02.02.2021) Mrs K Vanithamani, Director Mr R Seenivasahan, Director Mr G Krishnakumar, Chief Financial Officer Mr K Jayaraj, Company Secretary
2. Relatives of Key Management Personnel	Mr K G Balakrishnan, Chairman Mrs T Anandhi
3. Subsidiary	Kannapiran Polymers Limited
4. Other Related Parties	K G Denim Limited Sri Balamurugan Textile Processing Limited RND Softtech Private Limited Trigger Apparels Limited Sri Karthikeya Spinning and Weaving Mills Private Limited

( ₹ in Lakhs)

Particulars	Other Related Party		Key Management Personnel		Relatives of Key Management Personnel	
	2022	2022	2022	2022	2022	2022
Purchase of Goods	287.63		---		---	
Purchase of Power	604.42		--		--	
Sale of Goods	7111.52		--		--	
Conversion Charges (Receipt)	141.84		--		--	
Conversion Charges (Paid)	--		--		--	
Managerial Remuneration	--		94.99		--	
Sitting Fees	--		--		0.25	
Lease Rent Paid – Land/Building/Machinery	21.24		--		21.23	
Interest Paid on Inter corporate Deposit	-		---		--	
Balance Outstanding as on March 31st			--		--	
Payable	300.00		7.01		--	
Receivable	370.63		--		--	

# **Sri Kannapiran Mills Limited**

## 12 AS 19 – LEASES

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

( ₹ in Lakhs)

Particulars	31.03.2022
Not later than one year	26.97
Later than one year but not later than five Years	16.50
Later than Five years	--

## 13 AS 20 – EARNINGS PER SHARES

( ₹ in Lakhs)

Particulars	31.03.2022
Net profit after tax and adjustments	2670.40
Weighted average No. of Equity Shares	54,19,928
Basic & diluted Earnings Per Share (Face Value – Rs 10/- each)	49.27

## 14 AS 22 – DEFERRED TAX LIABILITY

( ₹ in Lakhs)

Particulars	Opening as on 01.04.2021	Adjustments made during the year	Closing as on 31.03.2022
<b>Deferred Tax Liability</b>			
Depreciation	1960.04	28.65	1988.70
<b>Total</b>	<b>1960.04</b>	<b>28.65</b>	<b>1988.70</b>
<b>Deferred Tax Asset</b>			
On Account of Losses	741.67	-741.67	
Provision for Gratuity (Net)	124.55	9.59	134.13
Amalgamation Expenses	6.19	-2.17	4.03
Preliminary Expenses	0	1.08	1.08
<b>Total</b>	<b>872.41</b>	<b>-734.25</b>	<b>139.24</b>
<b>Net Deferred Tax Asset / (Liability)</b>	<b>1087.63</b>	<b>762.90</b>	<b>1849.45</b>

- 15 a) The Company had taken input credit on Furnace oil used for producing power in the year 2006-07 under Tamil Nadu VAT Act. The Commercial Tax Department, Tamil Nadu disputed the above and demanded reversal of input tax credit of ₹ 57.69 Lakhs and the Company had filed an appeal with Madras High court and the same is pending. The Company had paid an amount of ₹ 20 lakhs in this regard "under protest". The Company has fair chances of winning the appeal and hence not provided the same in accounts.
- b) TANGEDCO, Tamil Nadu is demanding E -Tax on Maximum Demand charges and self-generation Tax on units generated through windmills/D G sets. An amount of ₹ 225.81 lakhs towards self-Generating Tax and ₹ 62.46 lakhs towards E-tax payable on Maximum Demand. The Company has gone through TASMA (Textiles Association) for appeal and the same is pending before the Supreme court. In respect of Deemed demand benefit of ₹ 182.06 lakhs. TANGEDCO has gone for appeal in Madras High court and the same is pending. These amounts are shown as liability in the books of accounts as on 31.3.22.
- c) The Company has preferred on appeal with the Commissioner of Income Tax (Appeals) Coimbatore in respect of disallowance u/s 14A of ₹ 17,39,281 as against Company's disallowance of ₹ 14,530 relevant to Assessment year 2014-15. This as resulted in decrease in carried forward loss of ₹ 17,39,281.
16. Electricity charges debited in Profit and loss account is net of electricity generation through wind mill of ₹ 149.46 lakhs.

# **Sri Kannapiran Mills Limited**

**17. Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given below:** (₹ in Lakhs)

	Particulars	31.03.2022	31.03.2021
a)	Principal amount due Interest due on above	25.14 -	18.76 -
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.		

**18. In the opinion of the Board of Directors, assets other than fixed assets and noncurrent investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.**

**19. Details of Miscellaneous expenses** (₹ in Lakhs)

Particulars	31.03.2022
Printing & Stationary	20.85
Postage & telephone	67.54
Subscription, newspaper & Advertisement	8.96
Travelling and maintenance of vehicle	237.72
Garden maintenance	5.70
Repairs & maintenance - others	73.69
General Expenses	6.13
<b>Total</b>	<b>420.59</b>

**20. Other Regulatory Information**

**(i) Trade Payable ageing schedule as on 31.3.2022** (₹ in Lakhs)

Particulars	Not Due	Less than 1 year	1 year 2 years	2 years - 3 years	Above 3 years	Total
(I) MSME	25.14	-	-	-	-	25.14
(ii) Others	2217.69	4455.87	6.85	10.81	58.47	6749.69
(iii) Disputed dues – MSME		-	-	-	-	-
(iv) Disputed dues- others		-	-	-	-	-

**(ii) Trade Receivable ageing schedule as on 31.3.2022** (₹ in Lakhs)

Particulars	Not Due	Less than 6 months	6 months 1 year	1 year - 2 years	2 years -3 years	Above 3 years	Total
Undisputed Trade Receivable –considered good	5511.52	648.67	0.57	22.87	0.49	94.37	6278.49
Undisputed Trade Receivable –considered Doubtful		-	-	-	-	-	-
Disputed Trade Receivable- Considered good		-	-	-	-	-	-
Disputed Trade Receivable- Considered Doubtful		-	-	-	-	-	-

# **Sri Kannapiran Mills Limited**

**(iii) Capital Work-in-progress ageing schedule:**

Particulars	Amount of Capital Work-in-progress for a period of (₹ In lakhs)				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	285.43	Nil	Nil	Nil	285.43
Projects temporarily suspended	Nil	Nil	Nil	Nil	Nil

**(iv) Loans and advances made to Director, KMP related parties**

Particulars	Amount of Loan or advance in the nature of loan outstanding	Percentage to the total loans and advances in the nature of loan		
Promoters	-	-	-	-
	-	-	-	-
	-	-	-	-

(v) Disclosure regarding the discrepancies noted in the quarterly statement filed by the company with the banks (Indian Bank, The South Indian Bank, Central Bank of India, HDFC, Union Bank of India and State Bank of India)

Quarter	Particulars of securities provided	Amount as per books of Accounts	Amount as reported in Quarterly returns/statement	Amount of difference
June 21	Inventories & Receivables	14384	15384	984
September 21		14512	16016	1504
December 21		15867	16825	957
March 22		17533	18538	1006

The difference was on account of different method of stock valuation adopted in respect of inventories and pending reconciliation of sundry debtors for the purpose of reporting in quarterly Bank statement vis-à-vis Books of accounts

- (vi) The Company is not holding any benami property and hence no proceeding has been initiated or pending against the Company in this regard.
- (vii) The Company has not been declared as willful defaulter by any bank or financial institution during the year, as there was no over dues in working capital limits and term loans
- (viii) There is no transaction with struck off companies under section 248 of Companies Act 2013 or section 560 of Companies Act 1956
- (ix) The Company has not revalued its property, plant and equipment based on market price during the year.
- (x) The Company has not made any Investment which is more than 2 layers.
- (xi) The Company has not loaned or advanced the borrowed funds or Share Premium amount to any other persons or entities with an understanding to
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) (or)
- (b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
21. On the first occasion that consolidated financial statements are presented, comparative figures for the previous period are not presented.
22. For all other Common Notes forming part of Consolidated Financial Statements, the Notes of Holding Company Sri Kannapiran Mills Limited may be referred.

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

(Sd/-) B Sriramulu  
Managing Director  
DIN No : 00002560

(Sd/-) B Srihari  
Managing Director  
DIN No : 00002556

Coimbatore  
06.07.2022

Partner  
Membership No. 027497

(Sd/-) G Krishnakumar  
Chief Financial Officer

(Sd/-) K Jayaraj  
Company Secretary



# Sri Kannapiran Mills Limited

## PERFORMANCE OVER THE YEAR

(₹ in Lakhs)

	For the year ended March 31										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Revenue from Operations	15488.80	17476.40	18284.56	16692.17	17613.04	18971.62	30326.95	30234.21	25194.09	49357.82	
Other Income	215.22	181.62	250.38	242.51	229.3	170.44	604.03	312.02	294.08	219.41	
Total Revenue	15704.02	17658.02	18534.94	16934.68	17842.34	19142.06	30930.98	30546.23	25488.17	49577.23	
Profit Before Interest and Depreciation	1116.10	1749.84	2307.73	2455.79	2327.05	2364.28	3378.21	2754.82	2844.92	6522.38	
Financial Charges	1042.60	1076.92	1193.51	1038.07	853.40	762.24	1762.44	1891.03	1766.86	1664.27	
Depreciation	615.16	628.19	434.65	442.21	455.70	461.26	849.75	781.75	757.83	830.19	
Profit Before Taxation	-541.66	44.73	679.57	975.51	1017.95	1140.78	766.02	82.04	320.23	4027.92	
Profit After Taxation	-541.66	44.73	679.57	970.86	999.16	877.73	766.02	-46.30	228.36	2675.54	
Gross Fixed Assets	15595.87	15886.88	16491.08	16615.07	16388.28	17326.31	29196.17	29211.08	29225.99	29158.48	
Net Fixed Assets	6485.17	6369.42	7066.48	6998.68	7010.37	7529.54	14736.76	14154.04	13610.85	13539.11	
Share Capital	368.30	368.30	368.30	368.30	363.66	363.66	677.00	677.00	677.00	542.00	
Reserves and Surplus	2528.30	2576.59	3018.22	3689.14	4377.99	5184.64	8069.43	8023.14	8251.50	10927.03	
Long Term Borrowings	4999.62	4346.68	3932.57	2974.96	2412.00	2033.82	5127.38	4027.92	6164.83	5920.01	

\* from 2019, performance includes figures of merged entity