K.P.R. MILL LIMITED

Corporate Office : 1st Floor Srivari Shrimat, 1045, Avinashi Road, Coimbatore - 641018. India ✆ : 0422-2207777 Fax : 0422-2207778

28th July, 2018

The Listing Department,
National Stock Exchange of India Ltd.,
Exchange Plaza, Plot: C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051.

The Listing Department,
BSE Ltd.
1st Floor, Rotunda Buildings,
Phiiroze Jeejeebhoy Towers,
Mumbai – 400 001.

Dear Sir,

532889/ KPRMILL

Sub: Soft Copies of Annual Report, Notice of AGM etc, as per amended Regulation 34 of SEBI (LODR).

Pursuant to amended Regulation 34 of the SEBI (LODR), the Notice of the 15th Annual General Meeting, Proxy Form, Annual Report etc, for the Financial year ended 31/03/2018 that are sent to the Members of the Company by mail this day are enclosed for your records.

Also note that the physical copies will be sent by registered post.

Please take the above on record.

Thanking you.

Yours faithfully
For K.P.R. Mill Limited

P.Kandaswamy
Company Secretary

Encl: As above

K.P.R. MILL LIMITED

CIN: L17111TZ2003PLC010518

Registered Office: No.9, Gokul Building, A.K.S. Nagar, Thadagam Road, Coimbatore – 641 001

Corporate Office: 1st Floor, Srivari Shrimat, 1045, Avinashi Road, Coimbatore – 641 018

Ph: 0422-2207777 Fax: 0422-2207778

Email: investors@kprmill.com Website:www.kprmilllimited.com

NOTICE OF 15th ANNUAL GENERAL MEETING

NOTICE is hereby given that the **15th Annual General Meeting** of the Members of the Company will be held **on Monday the 27th August 2018 at 11.30 AM at Ball Room, Hotel The Residency 1076, Avinashi Road, Coimbatore – 641018** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Accounts together with Directors Report as also the Auditors Report thereon for the year ended 31st March, 2018.

2. To declare dividend on Equity Shares.

3. To appoint a Director in the place Sri E.K. Sakthivel (Holding DIN: 01876822) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

   RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. K. Sabapathy (holding DIN 00001794), who was appointed as an Independent Director and who holds such office up to 31.03.2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company up to 31.3.2024.

5. **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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Sri. G.P. Muniappan (holding DIN 01653599), who was appointed as an Independent Director and who holds such office up to 31.03.2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company up to 31.3.2024.

6. **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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Sri. K.N.V. Ramani (holding DIN 00007931), who was appointed as an Independent Director and who holds such office up to 31.03.2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company up to 31.3.2024.

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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Sri. A.M. Palanisamy (holding DIN 00112303), who was appointed as an Independent Director and who holds such office up to 31.03.2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company up to 31.3.2024.

8. **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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Sri. C. Thirumurthy (holding DIN 00001991), who was appointed as an Independent Director and who holds such office up to 31.03.2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company up to 31.3.2024.

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

   RESOLVED THAT pursuant to Section 148 and other applicable provisions if any of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of Audit Committee the remuneration of ₹ 50,000 (plus GST and out of pocket expenses if any for the purpose of audit) payable to Sri. B. Venkateswar, Cost Accountant (M.No. 27622), as approved by the Board of Directors for conducting the audit of Cost Accounting Records of the Company for the financial year ending 31st March, 2019 be and is hereby ratified and confirmed.

By Order of the Board of Directors

Place: Coimbatore | **K.P. Ramasamy**
Date: 30.04.2018 | Chairman

Notes:

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

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

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business of the meeting, is annexed hereto.

3. The Register of the Members and Share Transfer Books of the Company shall remain closed from 22nd August, 2018 to 27th August, 2018 (Both days inclusive) in connection with the Annual General Meeting and for the purpose of payment of dividend, if approved by the Members.

4. The dividend as recommended by the Board, if declared at the meeting will be paid on / before 18th September 2018 to those members:

   (a) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / Registrar and Transfer Agent on or before 26th August, 2018 and

   (b) whose names appear as Beneficial Owners in the list of Beneficial Owners on 21st August, 2018 to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address as soon as possible. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the Shareholders/Depositories for depositing of dividends. Please furnish Bank account details/change to Depositories, if not provided.

6. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market, Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts, Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent/the Company.

7. Under Section 125 of the Companies Act, 2013 and IEPF Authority Rules 2016 the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date and the underlying Shares in respect of those Unclaimed Dividends are required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company has accordingly, transferred/ will transfer the following amounts and Shares to the Investor Education and Protection Fund of the Central Government during the financial year.

Transfer of Unclaimed Dividends to IEPF Account

S.No	Name of Account	Amount (₹)	Transferred / To be Transferred
1	Interim dividend 2009-10	1,13,800/-	Transferred on 03/07/2017
2	Final dividend 2009-10	38,413/-	Transferred on 02/11/2017
3	Interim dividend 2010-11	44,115/-	Transferred on 27/12/2017
4	Final dividend 2010-11	59,589/-	To be Transferred before 04/10/2018

Shares transferred to IEPF Demat Account:

No of Share Holder	No of Shares	Date of Transfer
19	1216	30.11.2017

The Members whose Dividends / Shares are transferred to the IEPF Authority can now claim their Dividends /Shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority http://iepf.gov.in/IEPFA/refund.html.

In pursuance of the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules 2012 (IEPF Rules) whose objective is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc, the Company has uploaded the information in respect of the Unclaimed Dividends on the website of the IEPF viz. www.iepf.gov.in as well as shares in IEPF Account under "Investors Section" on the Website of the Company viz. www.kprmilllimited.com Members are requested to contact the Registrars Karvy Computershare Private Limited for encashing the unclaimed dividends standing to the credit of their account. Please note that as mentioned above both Unpaid / Unclaimed Dividends for a period of Seven years and the underlying Shares will be transferred to IEPF Account.

8. Details under Schedule V of the listing regulation in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

9. Electronic copy of the Annual Report 2017-18 is being sent to the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. **For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.**

10. Electronic copy of the Notice of the 15th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

11. Members may also note that the Notice of the 15th Annual General Meeting and the Annual Report 2017-18 will also be available on the Company's website www.kprmilllimited.com for download. The Physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id **investors@kprmill.com**

A. The voting rights of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date of 21st August, 2018

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

C. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the revised Regulation 44 of the Listing Regulations, the Company is pleased to offer e-voting facility to its members in respect of the businesses to be transacted at the 15th Annual General Meeting (AGM). The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the authorized agency to provide e-Voting facility.

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

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

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

i. Please contact toll free No. 1-800-34-54-001 for any further clarifications.

ii. Members can cast their vote online from Friday, August 24th, 2018, 9.00 AM to Sunday, August 26th, 2018, 5.00 PM

iii. After entering these details appropriately, click on "LOGIN".

iv. Members holding shares in Demat/ Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z),one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile, email ID etc. on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.

vii. If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your existing login id and password are to be used.

viii. On the voting page, you will see Resolution Description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding. If the shareholder do not want to cast, select 'ABSTAIN'

ix. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL "and accordingly modify your vote.

x. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

xi Corporate/Institutional Members (corporate / FIs / FIIs / FPIs / Trust / Mutual Funds / Banks / etc.,) are required to send scan (PDF format) of the relevant Board Resolution to the Scrutinizer through e-mail to vetrivelfca@gmail.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_ Event no."

D. Sri.A.Vetrivel, Practising Chartered Accountant, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

E. The Scrutinizer after scrutinizing the votes cast at the Meeting by Poll and through remote e-voting, make a consolidated Scrutinizer's Report and submit the same forthwith or not later than two days of conclusion of the meeting to the Chairman of the Company or a person authorized by him in writing, who shall countersign the same.

F. The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company (www.kprmilllimited.com) and on the website of the

Karvy (http://evoting.karvy.com). The Results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited.

G. The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. subject to receipt of the requisite number of votes in favour of the Resolutions.

12. As the Company has provided e-voting facility in terms of Regulation 44 of the listing regulations, and section 108 of the Companies Act, 2013 members may please note that there will be only one mode of voting. The scrutinizer will collate the votes downloaded from the e-voting system and votes received through postal voting to declare the final result for each of the resolutions forming part of the notice of annual general meeting.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item Nos. 4, 5, 6, 7 and 8

Dr. K. Sabapathy, Sri. G.P. Muniappan, Sri. K.N.V. Ramani, Sri. A.M. Palanisamy, and Sri. C. Thirumurthy were appointed as Independent Directors of the Company for a period of 5 years each in the 11th Annual General Meeting of the Company held on 27.08.2014, pursuant to the provisions of Section 149 of the Companies Act 2013 (hereinafter referred to as 'the Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges and they hold office up to 31.03.2019.

As per the provisions of Section 149(10) & (11) of the Act the independent directors may hold office for up to two consecutive terms of 5 years each and upon completion of first term they shall be eligible for re-appointment on passing special resolution by the Company and disclosure of such appointment in its Board's report provided they shall meet with the criteria of independence as provided in Section 149(6) of the Act and SEBI (LODR) Regulations.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended re- appointment of the aforesaid Directors as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of Nomination and Remuneration Committee, considers that, given their background, experience and contributions made by them during their tenure, their continued association would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint them as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company up to 31.3.2024.

The aforesaid Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has also received declarations from the aforesaid Directors that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

As per the amended SEBI (LODR) Regulation, the re-appointment of Sri. G.P. Muniappan and Sri. K.N.V. Ramani who have crossed the age of seventy five years, have to be justified.

Sri. G.P. Muniappan, a University Rank Holder in M.A. Economics is a Post Graduate Diploma in Bank Management and C.A.I.I.B. His dedication and efficiency elevated him to the highly responsible and prestigious position of 'Deputy Governor' of R.B.I in 2001, after serving as its 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 &Regulations. His association in the Board has been of value to the Company. He continues on the Board and Committees including Audit Committee of another Listed Company.

Sri. K.N.V. Ramani is a Senior Corporate Lawyer with more than fifty years standing. He is the Founder and Senior Partner leading the Law Firm 'RAMANI AND SHANKAR' which is a reputed and well recognized Consultant of many Corporate and other Institutions in the region. As Corporate Lawyer, specializing in legislations concerning them and all types of commercial causes, his association in the Board has been of value to the Company. He continues on the Board and Committees including Audit Committees of several Listed Companies.

The Company will benefit by their continued association and guidance as Members of the Board.

Details of the aforesaid Directors whose re-appointment as Independent Directors are proposed at Item Nos. 4, 5, 6, 7 and 8 are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copy of draft letters of appointment setting out the terms and conditions of appointment are available for inspection by the members at the Registered Office of the Company.

Dr. K. Sabapathy, Sri. G.P. Muniappan, Sri. K.N.V. Ramani, Sri. A.M. Palanisamy and Sri. C. Thirumurthy, are interested in the resolutions set out respectively at Item Nos. 4, 5, 6, 7 and 8 of the Notice with regard to their respective re-appointments. The relatives of the aforesaid Directors may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in these resolutions.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Special Resolutions set out at Item Nos. 4, 5, 6, 7 and 8 of the Notice for approval by the members.

Item No.9

The Board of Directors at the meeting held on 30th April, 2018, based on the recommendation of the Audit Committee, appointed Sri. B. Venkateswar, B.Sc., FCMA (M. No. : 27622), Cost Accountant, Coimbatore, as Cost Auditor for the Financial Year ending 31st March, 2019 at a remuneration of ₹ 50,000 (Plus GST) and reimbursement of out of pocket expenses at actual. As per Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the said Cost Auditor has to be ratified by the Shareholders and hence the resolution under Item no 9 is placed for your approval.

None of the Directors or Key Managerial Personnel or their relatives is concerned or interested in the resolution.

By Order of the Board of Directors

Place: Coimbatore
Date: 30.04.2018

K.P. Ramasamy
Chairman

DETAILS AS PER SEBI (LODR) / COMPANIES ACT 2013 OF THE APPOINTEES:

Name of the Director	Sri. E.K. Sakthivel	Dr. K. Sabapathy	Sri. G.P. Muniappan
Date of Birth	16.04.1983	04.06.1955	29.05.1941
Date of appointment on the Board	09.03.2016	01.04.2014	01.04.2014
Qualifications	M.B.A	M.Sc., M.Phil., PhD	University Rank Holder in M.A. Economics. C.A.I.I.B., P.G. Diploma in Bank Management etc.
Expertise in specific functional area	Sri. E.K. Sakthivel, B.Com, MBA, aged 35 years, has over 10 years of experience in Production & Marketing of Apparels. He joined the Management Team of KPR Mill Limited (K.P.R.) in 2007, as 'Head-Operations' (Garment Division), Tirupur and has been functioning as such. Since his appointment, the Garment Unit, Tirupur had seen a rapid growth in the volume of Business and performance. Considering his significant role in formulation and implementation of various Business plans in the Garment segment, he was involved in Expansion and Modernisation schemes and setting up of new units of K.P.R. His marketing skills secured new International Buyers besides widening the business from existing clientele. Presently he oversees the operations of the 'State-of–the Art'Garment unit at Thekkalur, catering to the requirements of Top International Brands and the operations of two Spinning Units.	Dr. K. Sabapathy was a faculty of Physics in PSG College of Arts and Science for 5 years from 1977 to 1982 and a faculty of Physics and Computer Science in CBM College from 1982 to 1992. A member of Coimbatore Stock Exchange for 20 years since 1992 and was also its Vice President during 2003 to 2005. He was also Director of Inter Connected Stock Exchange of India Limited, Mumbai during 2002 to 2005.	Mr. G.P. Muniappan, joined R.B.I during 1965 and became its Deputy Governor in 2001. He also held high positions such as Chairman of Bank of Madura. R.B.I's Nominee on the Board 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.

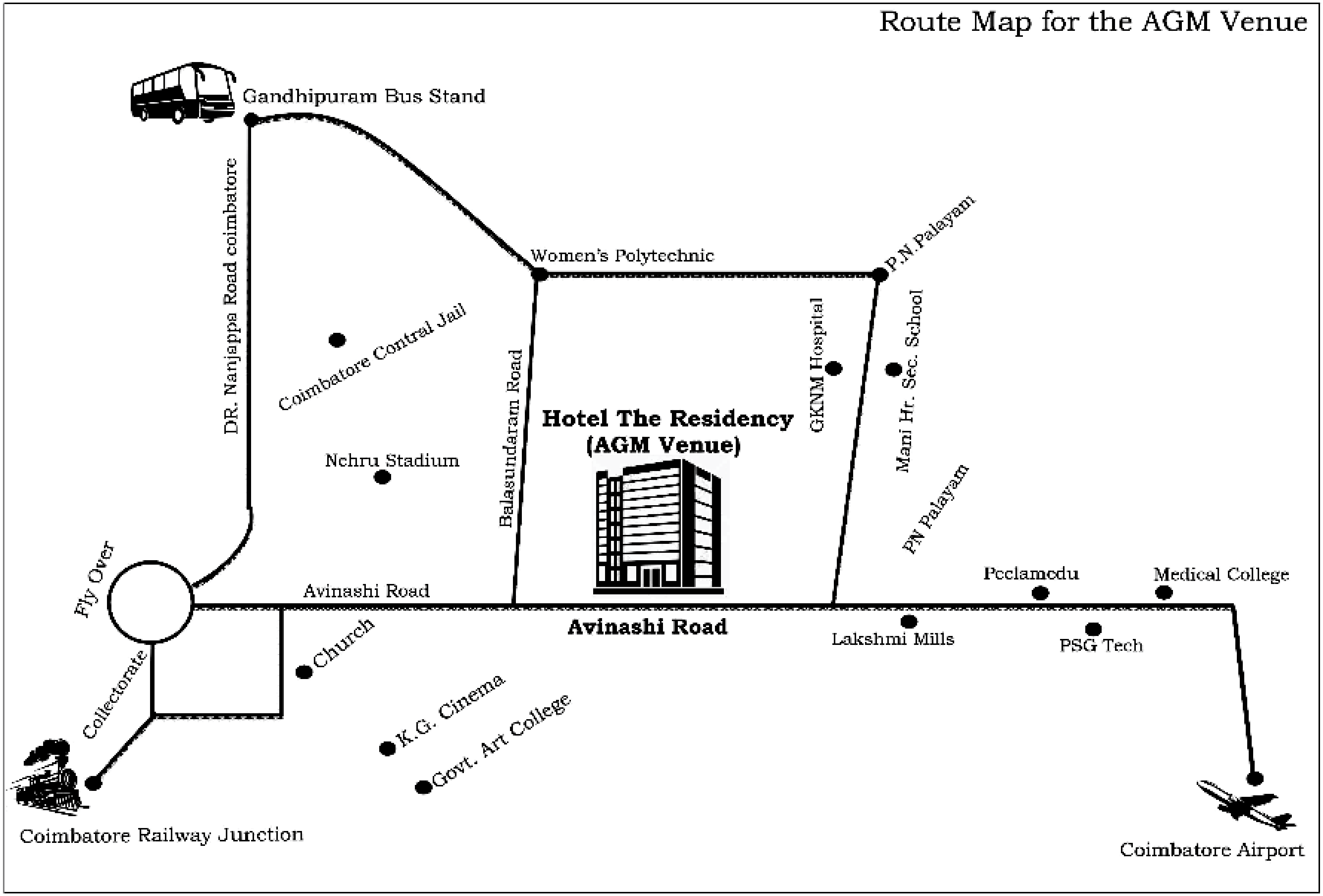
Directorship held in other Public Companies (excluding foreign and private companies)	NIL	NIL	K.G. Denim Limited
Chairmanships/ Memberships of Committee across	NIL	NIL	**K.G. Denim Limited** Stakeholders Relationship Committee - Member Audit Committee - Chairman Nomination and Remuneration Committee – Member
Shareholding in the Company - No. of Shares	NIL	NIL	NIL
Relationship between directors inter-se	Wife's Father: Sri. KPD Sigamani	None	None

Name of the Director	Sri. K.N.V. Ramani	Sri. A.M. Palanisamy	Sri. C. Thirumurthy
Date of Birth	05.10.1931	04.06.1955	16.04.1959
Date of appointment on the Board	01.04.2014	01.04.2014	01.04.2014
Qualifications	B.L.,M.A.	F.C.A	F.C.S
Expertise in specific functional area	Sri. K.N.V. Ramani is a Corporate Lawyer with more than 50 years of active practice specializing in legislations like the Companies Act, Taxation and Labour Laws. He is the Legal Advisor for many Companies, PSUs, Banks and Financial Institutions etc. He is presently the senior partner of the law firm M/s. Ramani & Shankar, Advocates, Coimbatore.	He practised as a Chartered Accountant for about 16 years with specialization in production planning, financial management and taxation. Looking after production as well as administration of Aerospace Materials Private Limited, the Manufacturers of Carbon Cloth used in Space Vehicles (Rockets), and Suppliers to ISRO.	C. Thirumurthy, B.Com, B.L, F.C.S is a Fellow Member of The Institute of Company Secretaries of India and is Practicing as Company Secretary since 2003 at Coimbatore. He served as 'Company Secretary' in various Companies mostly related to Spinning Industry. During his career handled Public Issue, liased with Banks and Financial Institutions for financial assistance, besides, attending matters related to Income tax, Sales Tax and Central Excise.
Directorship held in other Public Companies (excluding foreign and private companies)	1) Bannari Amman Spinning Mills Ltd 2) Sri Kannapiran Mills Ltd 3) K.G. Denim Limited 4) L.G.B. Forge Limited 5) Shiva Texyarn Ltd 6) Shiva Mills Limited	Kovai Medical Centre and Hospital Limited	NIL

Chairmanships / Memberships of Committee across	**Bannari Amman Spinning Mill Ltd** Audit Committee – Member Nomination and Remuneration Committee – Chairman **Sri Kannapiran Mills Ltd** Audit Committee – Member Nomination and Remuneration Committee – Member Corporate Social Responsibility Committee - Member **K.G. Denim Limited** Audit Committee – Member Nomination and Remuneration Committee – Chairman Stakeholder Relationship Committee - Member **L.G.B. Forge Limited** Nomination and Remuneration Committee – Chairman **Shiva Texyarn Ltd** Audit Committee – Chairman **Shiva Mills Limited** Audit Committee - Chairman Stakeholder Relationship Committee - Chairman	**Kovai Medical Center and Hospital Limited** Audit Committee - Chairman Nomination and Remuneration Committee – Chairman Stakeholder Relationship Committee - Chairman	NIL
Shareholding in the Company - No. of Shares	NIL	NIL	NIL
Relationship between directors inter-se	None	None	None

i. Sri. E.K. Sakthivel is a Non-Indipendent Director.

ii. The remaining are Independent Directors who fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder for their appointment as independent Directors under Section 149 and other applicable provisions of the Companies Act, 2013 and are independent in compliance with SEBI (LODR) Regulations



Bus Route:

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

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

Venue Bus Stop: GKNM Hospital

For Venue Queries:

Mob: 99429 87378

K.P.R. MILL LIMITED

CIN: L17111TZ2003PLC010518

Registered Office: No.9, Gokul Building, A.K.S. Nagar, Thadagam Road, Coimbatore – 641 001

Corporate Office: 1st Floor, Srivari Shrimat, 1045, Avinashi Road, Coimbatore – 641 018

Ph: 0422-2207777 Fax: 0422-2207778

Email: investors@kprmill.com Website:www.kprmilllimited.com

15th ANNUAL GENERAL MEETING
ATTENDANCE SLIP

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

Serial No:

Name and Address of the Shareholder :

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

Number of Shares held :

Name of the Proxy / Representative, if any :

I/We hereby record my/our presence at the **15th Annual General Meeting** of the Company, held on **Monday 27th, August 2018 At Ball Room, Hotel The Residency, Avinashi Road, Coimbatore – 641018 at 11.30 AM.**

Signature of the Member / Proxy /
Authorized Representative

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

FOR ATTENTION OF THE SHAREHOLDER

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

ELECTRONIC VOTING PARTICULARS

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

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

PROCEDURE FOR E-VOTING

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (LODR) Regulations, the Company is pleased to offer e-voting facility to its members in respect of the businesses to be transacted at the 15th Annual General Meeting (AGM). The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the authorized agency to provide e-voting facility.

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

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

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

i. Please contact toll free No. **1-800-34-54-001** for any further clarifications.

ii. **Members can cast their vote online from Friday, August 24th, 2018, 9.00 AM to Sunday, August 26th, 2018, 5.00 PM.**

iii. After entering these details appropriately, click on **"LOGIN"**.

iv. Members holding shares in Demat/ Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z),one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile, email ID etc. on first login. You may also enter the Secret Question and Answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.

vii. If you are holding shares in Demat form and had logged on to **"https://evoting.karvy.com"** and casted your vote earlier for any Company, then your exiting login id and password are to be used.

viii. On the voting page, you will see Resolution Description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholders do not want to cast, select 'ABSTAIN'.

ix. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on **"OK"**, else to change your vote, click on **"CANCEL"** and accordingly modify your vote.

x. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

xi. Sri. A. Vetrivel, Practicing Chartered Accountant, has been appointed as Scrutinizer to scrutinize the voting process in a fair and transparent manner.

xii. Corporate/Institutional Members (Corporate / FIs / FIIs / FPIs / Trust / Mutual Funds / Banks / etc.,) are required to send scan (PDF format) of the relevant Board Resolution to the Scrutinizer through e-mail to **vetrivelfca@gmail.com**, with copy to **evoting@karvy.com.** The file scanned image of the Board Resolution should be in the naming format "Corporate Name_**Eventno**."

The Scrutinizer after scrutinizing the votes cast at the Meeting and through remote e-voting, make a consolidated Scrutinizer's Report and submit the same forthwith or not later than two days of conclusion of the meeting to the Chairman of the Company or a person authorized by him in writing, who shall counter sign the same.

The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company **(www.kprmilllimited.com)** and on the website of the Karvy **(https://evoting.karvy.com)**. The Results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited.

The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 27th August, 2018 subject to receipt of the requisite number of votes in favour of the Resolutions.

K.P.R. MILL LIMITED

Registered Office No.9, Gokul Buildings, 1st Floor,
A.K.S. Nagar, Thadagam Road, Coimbatore – 641 001.
Phone: 0422-2207777 Fax: 0422-2207778
CIN:L17111TZ2003PLC010518
Email: investors@kprmill.com Website: www.kprmilllimited.com

Form No. MGT-11

PROXY FORM

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

Name of the Member (s) :

Registered Address :

Email ID :

Folio No. Client id, DP ID :

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

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

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

Or failing him/her,

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

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

Or failing him/her,

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

   E-mail ID:……………………………………………… Signature: …………………………………………………

As my/our Proxy to attend and vote for me / us and on my / our behalf at the 15th Annual General Meeting of the Company, to be held on Monday, 27th August 2018 at 11.30 A.M, at Ball Room, Hotel The Residency, Avinashi Road, Coimbatore – 641018 and at any adjournment thereof in respect of the Resolutions as indicated here below:

Resolution No.	Description	(Ordinary / Special)	Optional	
			For	Against
1	Adoption of Annual Financial Statement for the year ended 31st March, 2018	Ordinary		
2	Declaration of Dividend	Ordinary		
3	Re-appointment of Sri. E.K. Sakthivel, Director retires by rotation	Ordinary		
4	Re-appointment of Dr.K.Sabapathy as an Independent Director	Special		
5	Re-appointment of Sri.G.P.Muniappan as an Independent Director	Special		
6	Re-appointment of Sri. K.N.V.Ramani as an Independent Director	Special		
7	Re-appointment of Sri.A.M.Palanisamy as an Independent Director	Special		
8	Re-appointment of Sri.C.Thirumurthy as an Independent Director	Special		
9	Ratification of Remuneration of Cost Auditor	Ordinary		

Signed this .... day of 2018

Signature of Shareholder

Affix ₹1 Revenue Stamp

Signature of Proxy holder(s)

Note:

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

KPR
MILL LIMITED

spanning success

15th annual report 2017-18

HIGHLIGHTS 2017-18

(₹ in Lakhs)

Total Revenue	3,03,862
PBDIT	58,943
PBT	39,802
PAT	29,038
Cash Profit	43,023
Assets	2,57,111
Net Worth	1,56,998
EPS - ₹	39.30
Cash EPS - ₹	58.22

The vibrant team of KPR Brothers, M/s. K.P. Ramasamy, KPD. Sigamani and P. Nataraj, from an agriculture family of a remote village, evolved their tiny business into marvel entity through their strenuous and enduring team efforts transforming the lives of rural folks. KPR made a modest entry in the trade in 1984 with a slender capital. Now it is one of the leading textile conglomerates in India, built on fabulous values. KPR's strong fundamentals entailed establishment of 12 `state of the art' manufacturing facilities employing around 21,000 dedicated employees. Its quest for quality, excellence, transparency and good governance consistently ranked KPR as one of the Top 500 Companies in India and repeatedly crowned its Management as one of the Top 100 CEOs of India for consecutive years. Its indulgence in green energy initiatives, eco-friendly activities, human values upgradation in pursuit of social cause are noteworthy. Threaded by a unified code of values; commitment to excellence and the willingness to give back to the society KPR is surging ahead by venturing into new avenues.

KPR Mill Ltd, is one of the largest vertically integrated Apparel manufacturing Companies in India, with a cumulative capacity of 3,54,240 spindles to produce 90,000 MT of yarn per annum; Knitting facility to produce 27,000 MT of fabrics per annum; Garmenting facility to produce 95 million pieces of ready-made knitted apparel per annum, one of the largest Garment Producers in India; Industry acclaimed ETP embedded Fabric Processing unit with a capacity of 18,000 MT per annum equipped with advanced cold processing technology and Sophisticated Printing Division; 66 Wind mills with total power generation capacity of 61.92 MW. KPR also has a Co-gen Cum Sugar Plant with a capacity of 30 MW and 5,000 TCD in its wholly owned Subsidiary Company.

CHAIRMAN'S LETTER

Dear Shareholders,

Looking at our business in FY 2017-18, I am pleased to report that the Company could perform well notwithstanding the difficult market environment. Let me share with you some of its highlights:

Performance

Achieved 78.36 Mn Garment production - increased by 27% YoY

Garment revenue crossed ₹ 1,000 Crore - increased by 25% YoY

Total Revenue surpassed ₹ 3000 Crore

The prices of Cotton and yarn traveled in tandem during the first half of the year. Whereas in second half of the year sudden volatility in cotton prices created a price mismatch. GST introduction also had an impact on the Industry. But for these adverse factors, our performance would have been much better. Ramping up of 36 Million new Garment Unit with modern infrastructures has been completed and its full benefits can be reaped during current year.

New Garment Capacity at Ethiopia

The Ethiopian Government delegation visited our Garment unit, during their visit to Coimbatore. Quite impressed with the sophisticated set up they extended an invitation to establish an Apparel Manufacturing Unit at Ethiopia offering various incentives and concessions. Considering the core competence prevailing there the Board of Directors has decided to establish a Unit for manufacture of Apparels at 'Mekelle Industrial Park' set up by the Ethiopian Investment Commission.

"Ethiopia's textile industry is fast catching up with the other Textile Countries like Vietnam, Indonesia, Cambodia and other Far East countries due to the following advantages:

- Minimal Investment
- Low Cost of Labour (around 50% of Labour Cost in India)
- Lesser Cost of Power & Other Utility
- Duty-Free Import of Garment from Ethiopia to US & Europe
- Availability of Trainable Workforce
- A Proactive Government Support
- Growing Economy
- Special Industrial Zones
- Duty Free Import

Empowered with strong textile exposure and core technical competence, for the first time, KPR is venturing into a global investment.

RETAIL BUSINESS

In addition to the above, after a prolonged and prudent study & analysis of the Market perspective, KPR is also planning to embark on Retail business. Initially we propose to approach the Knitwear segment of domestic market introducing Premium inner wear. Primary steps have been commenced and once it is finalized we will announce its launching plans.

Enhancing value :

Towards enhancing value to the Shareholders, during the year also we resorted to Buyback of the Equity Shares of the Company by returning its surplus cash to an extent of ₹ 108.14 Crores to the Shareholders of the Company.

Prime factors of Production

India being the largest Cotton producer and a consistent cotton surplus Country, availability of Cotton is rest assured. As per the International Cotton Advisory Committee Report, global cotton production is set to rise in the coming year due to increased cotton area. Report of normal monsoon and higher cotton area cultivation indicates comfortable supply.

As per Cabotage Rule, any foreign flag vessel was allowed to operate in the Indian coast only when there is no Indian vessel available and also under a license issued by the Directorate General of Shipping. The Textile Industry has been persistently requesting the Central Government to allow the foreign flag vessels to operate in the coastal area particularly between Gujarat and Tuticorin ports for the purpose of bringing cotton and to reduce the logistics cost. We are glad to inform that considering the farmer's advantage and promotion of trade and Ease of Doing Business in India, the Central Government allowed the foreign flag vessels to operate at Indian coast with respect to the commodities including cotton. In the same way, the Indian ships were also given a relaxation with regard to obtaining license from the DG shipping. This may reduce the cotton transportation cost.

Wind Power generation has been good and Tamil nadu has become power surplus State. Our HR Policy, one of the best in the Country, entails work force availability to KPR in spite of labour scarcity in the Industry. Thanks to the Central Government's strategic efforts prioritizing skill development initiatives to the Industry realizing the prominence of Textile Industry in creating employment opportunities. Migrant work force from far of States also eases the situation.

CSR & HR

Education is the most important power that shapes the lives of mankind and play a critical role in the development of a nation whether it is social or economic growth. It is deemed to bring technological innovations to Countries that further the efficiency and productivity. India can reach its true potential as a nation only when its population is equipped with the power of education. Realising its prime importance the Company continues to earmark and spend its CSR Expenditure towards promotion of education.

Full fledged Employee Welfare facilities improve the levels of job satisfaction & confidence and ultimately enhance the morale and engagement of the work force. KPR's HR initiatives extended with human touch are one step ahead of it. The foremost of the facilities 'Higher Education' with the tie up of leading Universities and by well trained & experienced teaching fraternity is adjudged as a trendsetter to the Industry. We are glad to inform that in the 6th Convocation of Tamil Nadu Open University held at Arasur, Degree Certificates were awarded to 231 employees who were graduated.

Making best use of the educational facilities extended by KPR, the Employees also prove their talent in the Government examination every year. We are proud that out of those graduates, 15 Employees are rank holders. So far around 21,000 employees have been benefitted by availing Higher Education facilities.

Credentials

We are proud to share that:

1. Bombay Stock Exchange has **upgraded** K.P.R. Mill Limited to "A" Group from "B" Group, with effect from 04.01.2018.
2. Business world' magazine has **consistently** ranked K.P.R Mill Limited as a **TOP 500 India's Largest Companies** for the year 2017 also.
3. Textile Sector Skill Council' in its handbook to impart Skill development has specifically mentioned KPR's valuable inputs in its compilation.
4. Business Today Magazine has **continuously ranked** your Chairman as one of the **'TOP 100 CEO's in India' for the year 2017** also.
5. The Traditional and reputed "Vikatan magazine Group" has conferred **"Self Made Entrepreneur Award for 2017"** to the Chairman".
6. **Six Candidates** of the **KPR IAS ACADEMEY** that offers **free** coaching to the aspirants under the **Leadership** of **Mr. KPD. Sigamani**, have **cleared the UPSC All India Civil Services Examination 2017-18**.
7. **Mr. P. Nataraj,** Managing Director, has been honoured by the 'Cotton Association of India' with the **'First Generation Entrepreneur Award for Textile Mills '**

Future Ahead

The Indian yarn market has gained momentum .It is reported that the Industry's yarn stock level is one of the lowest in recent years. With increased cotton prices and fabric demand, yarn prices started increasing. Support from the Garment Buyers is much encouraging and we continue to enjoy impressive order level.

More than any of the world's largest economies, India's major industries have displayed levels of resilience and growth that will buoy business confidence. The Indian Textile Industry's successful survival of the major impact of the two historical reforms, namely the demonetization and GST, and is well back on the growth track once again proves beyond doubt of its traditional strength as a global power. It is significant to note that the textile industry competently faced the challenges and registered an export growth of 5.37% during 2017 as against the global export growth of 3.94%.

KPR, possessing the high levels of scale, quality, technology, expertise, committed work force and above all strategic vision & plans continue to shape its future building sustainable competence. It's new initiatives unleashed shall strengthen the growth opportunities in both International and Domestic Markets.

I thank the entire Management, for their invaluable team work focusing on progress.

I am thankful to the Board of Directors for their guidance towards the growth of the Company.

I would like to thank our shareholders for their unstinted support and confidence.

With best wishes
K.P. Ramasamy
Chairman

BOARD OF DIRECTORS

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P. Nataraj
Managing Director

C.R. Anandakrishnan
Executive Director

E.K. Sakthivel
Executive Director

Dr. K. Sabapathy
Director

K.N.V. Ramani
Director

G.P. Muniappan
Director

A.M. Palanisamy
Director

C.Thirumurthy
Director

S. Ranganayaki
Director

P. Selvakumar
Director

REGISTERED OFFICE

No.9, Gokul Buildings,
1st Floor, A.K.S. Nagar,
Thadagam Road,
Coimbatore – 641 001
Ph : 0422 – 2478090
FAX : 0422 – 2478050

CORPORATE OFFICE
1st Floor, Srivari Shrimat,
1045, Avinashi Road,
Coimbatore – 641018
Ph : 0422-2207777
Fax : 0422-2207778
Email : corporate@kprmill.com
Web : www.kprmilllimited.com

CHIEF FINANCIAL OFFICER
PL Murugappan

COMPANY SECRETARY & COMPLIANCE OFFICER
P. Kandaswamy

STATUTORY AUDITORS
B S R & Co. LLP,
Chartered Accountants,
KRM Tower, 1st and 2nd Floor,
No.1, Harrington Road, Chetpet,
Chennai - 600031

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Unit : K.P.R. MILL LIMITED
karvy Selenium,
Tower B, Plot 31-32,
Gachibowli, Financial District
Nanakramguda,
Hyderabad – 500032
Phone : 040 6716 2222
Fax : 040 2300 1153
Toll Free No: 1800 345 4001
E-mail : einward.ris@karvy.com

COMPANY CIN
L17111TZ2003PLC010518

DIRECTORS' REPORT

Dear Members,

The Board of Directors' take pleasure in presenting the report on the operations and business of the Company along with Audited Financial Statements for the Financial Year ended 31st March, 2018.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	**2017-18**	2016-17
Sales and Other Income:-				
Domestic Sales	**1,66,045**	1,52,162	**1,74,661**	1,69,259
Export Sales	**77,255**	64,200	**1,14,104**	1,01,395
Other Income	**9,359**	8,264	**15,097**	13,755
	2,52,659	2,24,626	**3,03,862**	2,84,409
Profit before Interest & Depreciation	**44,502**	47,277	**58,943**	59,074
Less : Interest	**3,049**	4,503	**5,156**	6,445
Depreciation	**10,497**	11,743	**13,985**	14,939
Profit Before Tax	**30,956**	31,031	**39,802**	37,690
Less : Taxation:-				
Provision for Current Tax	**8,050**	7,668	**10,094**	9,119
Tax relating to earlier years	**213**	(166)	**232**	(159)
Less : MAT Credit Entitlement	**-**	-	**28**	1,420
	8,263	7,502	**10,298**	7,540
Deferred Tax expense / Credit	**196**	(313)	**466**	1,468
Profit After Tax	**22,497**	23,842	**29,038**	28,682
Other Comprehensive Income (Net of tax)	**30**	15	**30**	15
Total Comprehensive Income	**22,527**	23,857	**29,068**	28,697

REVIEW OF OPERATIONS

Despite the difficult market scenario caused by the GST the Company's performance has been good. The enhanced capacity in Garment and Processing has started contributing to the performance and its full fledged performance can be expected from the current year onwards. We are happy to inform that the Garment revenue has crossed ₹ 1000 Crores and the consolidated revenue has crossed ₹ 3000 Crores. The Standalone revenue has recorded 12% growth over previous year. The availability of power in the State continues to be comfortable. Though the Industry has been facing labour shortage we are able to mobilize the required work force due to commendable labour welfare practices followed by the Company.

PROPOSAL FOR NEW APPAREL UNIT AT ETHIOPIA

We are glad to announce the proposal for our maiden investment abroad. In response to the invitation extended by the Government of Ethiopia for setting up of Apparel manufacturing Unit in Ethiopia offering various incentives and concessions and considering the lucrative advantages, it is proposed to set up an Apparel Manufacturing Unit at Mekelle Industrial Park promoted by Ethiopian Investment Commission. We are planning to incorporate a separate Subsidiary Company at Ethiopia to establish and run the said Apparel unit. We have visited the place and initial discussions with the Authorities are in progress.

FUTURE OUTLOOK

With the Textile Industry settling in to the GST regime gradually, it is expected that the initial glitches might be sorted out during the current year. The cotton prices are expected to remain firm, domestic demand for cotton yarn has started showing signs of restoration with most of the headwinds witnessed during the GST transition and changes in export incentive structure subsiding. The continuous support from the International Buyers is much encouraging and with the stable outlook for cotton for fiscal 2018-19, the margins may expand due to softening in cotton prices, better consumer spending outlook. Maiden initiatives towards exploring the new avenues to strengthen the Growth prospects are in place. We hope that the inherent key strengths and prospective initiatives shall further intensify our growth prospects.

BUYBACK

The Board of Directors of the Company announced a Buyback of 13,35,000 fully paid-up equity shares (1.81% of the pre Buyback equity share capital) of the face value of ₹ 5/- each from all the existing shareholders on a proportionate basis, through the "Tender Route" process at a price of ₹ 810 per Equity Share payable in cash. The total consideration amounted to ₹ 108.14 Crores representing 9.81% of the aggregate of the paid-up equity share capital and free reserves, as per the audited accounts of the Company for the year ended March 31, 2017. After complying with the applicable laws, the Company bought back 13,35,000 Equity Shares. The funds in respect of accepted Equity Shares have been paid out. Buyback was completed on 13th April, 2018. The Promoters who have participated in the Buyback offer re-organized their stake to the permitted levels subsequently as per their undertaking to SEBI. The present Paid up Capital Post Buyback is ₹ 36.28 Crores.

DIVIDEND

The Board in its meeting held on 30.04.2018 has recommended a Dividend of 15% on Equity Shares of ₹ 5 each (₹ 0.75), subject to the approval of the Members at the Fifteenth Annual General Meeting.

RESERVES

During the year under review the Company has transferred ₹ 1,126 Lakhs to the General Reserve.

FINANCE

Our prompt repayments of loan and interest continued. The funds are effectively managed to reduce the cost of interest. During the year, we have availed additional term loans to fund the expansion Projects. The comfortable cash position is expected to continue with the prospective outlook.

SUBSIDIARY COMPANIES

In respect of statements pursuant to Section 129(3) of the Companies Act, 2013 (Hereinafter referred to as the 'Act') in 'Form AOC - 1' containing the details of following Wholly Owned Subsidiary Companies forms part of this Annual Report. However as required by the 'Act', we give below a brief report on their performance.

I. QUANTUM KNITS PVT. LIMITED

II. K.P.R. SUGAR MILL LIMITED

III. JAHNVI MOTOR PRIVATE LIMITED

IV. GALAXY KNITS LIMITED

QUANTUM KNITS PVT LIMITED

The garment business has been consolidated for effective management.

K.P.R. SUGAR MILL LIMITED

Higher sugar cane output and yield pegged the sugar production of the Country for the year 2017-18. The sugarcane crushing commenced in November 2017 could produce 88,136 MT of sugar as against 32,995 MT of last year. Out of 857 Lakh units of power generated 596 Lakh units were sold and 261 Lakh units captively consumed.

JAHNVI MOTOR PRIVATE LIMITED

Though the year started with the recovery from the impact of demonetisation , the GST challenges and changes to tax rates on luxury Cars have lead to a slow growth. During the year the Company booked a revenue of ₹ 92.60 Crores. It's performance is expected to be stable in the current year .

GALAXY KNITS LIMITED

The Company has not yet commenced its operation.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from public during the year under review.

DIRECTORS

The Company has adequate Independent Directors in compliance with the Act and Listing Regulations. Familiarization Program on the Company and its operation was conducted for the Independent Directors. Requisite declaration from the Independent Directors of the Company under Section 149 (7) of the Act confirming that they meet with the criteria of their Independence laid in Section 149 (6) have been obtained. As the 5 years term of the Independent Directors viz, Mr. KNV. Ramani, Dr. K. Sabapathy, Mr. G.P. Muniappan, Mr. A.M. Palanisamy, Mr. C. Thirumurthy appointed in the 11th AGM will be over by 31st March 2019, suitable Special Resolutions for their re-appointment for a further term of 5 years have been included in the notice of the ensuing AGM. The Nomination & Remuneration Committee and the Board recommend their re-appointment.

Mr. E.K. Sakthivel, Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The details of the aforesaid Directors, required to be disclosed under Regulation 36(3) of the Listing Regulation, form part of the Notice of the ensuing Annual General Meeting. Your Directors recommend his re-appointment. All the Directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164 (2) of the Act.

KEY MANAGERIAL PERSONNEL AND MANAGERIAL REMUNERATION CRITERIA

In pursuance of the Act the Company has Key Managerial Personnel. None of the Managing Directors or Whole Time Directors receives any remuneration or commission from the Subsidiary Companies and the remuneration paid to them is within the purview of the provisions of Section 197 of the Act. The Company pays remuneration by way of salary, perquisites etc., to its Chairman, Managing Directors and fixed monthly remuneration to its Executive Directors and Whole Time Director in line with the approvals accorded by the General Meetings in pursuance of the recommendation of the Nomination and Remuneration Committee as per the guiding principles laid down in the Nomination and Remuneration Policy. The information as required by Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended.

ANNUAL PERFORMANCE EVALUATION

In line with the criteria evolved by the Nomination and Remuneration Committee, the performance of all Directors, Committees, Chairman etc., have been evaluated pursuant to the provisions of the Act and the Listing Regulations.

COMMITTEES

As required by the provisions of the Act and Listing Regulation, the Company has already formed the following Committees, the details of which are disclosed in the Report on Corporate Governance forming part of this Report.

I. Audit Committee
II. Stake Holders Relationship Committee
III. Nomination and Remuneration Committee
IV. Corporate Social Responsibility (CSR) Committee

POLICIES

In pursuance of the Act and the Listing Regulation, the following policies have been framed and disclosed on the Company's website 'www.kprmilllimited.com'

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

RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 17(9) of the Listing Regulation, the Company has framed a Risk Management Policy. In the opinion of the Board there appears to be no element of risk which may threaten the existence of the Company.

VIGIL MECHANISM & WHISTLE BLOWER POLICY

The Company has an established Vigil Mechanism for Directors / Employees to report concerns about unethical behaviors, actual or suspected fraud or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors / Employees who avail of the mechanism. The Company affirms that no personnel have been denied access to the Audit Committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters. All suspected violations and Reportable Matters can be reported to the Chairman of the Audit Committee at e-mail id 'whistleblower@kprmill.com'. The key directions/actions can be informed to the Chairman/Managing Director of the Company. The Whistle Blower Policy has been framed and displayed in the company website.

CSR EXPENDITURE

During the year, in pursuance of the recommendations of the CSR committee the Company has contributed ₹ 481.75 Lakhs being 2% of the average three years net profit of the Company towards implementing the CSR activities. Annual Report on CSR, as required by the Act, is appended.

BOARD MEETINGS

The Board of Directors met Five times during the financial year on 03.05.2017, 25.07.2017, 30.10.2017, 06.02.2018 and 22.02.2018. The Composition of Board, procedure, dates and other details are included in the Corporate Governance Report that forms part of this Report.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to the provisions of the 'Act' and the Listing Regulations entered into with the Stock Exchanges. They are prepared in accordance with the Ind-AS prescribed by the Institute of Chartered Accountants of India, in this regard. The Consolidated Financials also marked a significant increase in its Revenue as well as Profitability.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has duly complied with the provisions of Section 186 of the Act and as required therein the details of the Borrowals, Security, Investment etc., are annexed by way of notes to accounts.

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were only between Holding Company and Wholly owned Subsidiary Companies in the ordinary course of business, whose accounts are consolidated with Holding Company and placed before the shareholders at the General Meeting for approval. Pursuant to the provisions of Section 177 of the Companies Act, 2013 the related party transactions entered during the year have been approved by the Audit Committee.

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

EMPLOYEE WELFARE

KPR explicitly focus on extending trendsetter welfare facilities to the employees as it improves the quality of work life by enriching their life style keeping them satisfied and contended. KPR's Employee welfare includes providing healthy working environment, upgrading their education & skill level thus improving the standard of living of the employees and their families. Adequate levels of earnings, safe and humane conditions of work and access to some minimum social security benefits are the major qualitative dimensions of employment. The social and economic aspects of the life of an employee have a direct influence on the social and economic development of the nation. There is every need to take additional care of the employees by providing both statutory and non-statutory facilities to them. KPR always go the extra mile by practicing various welfare activities so as to empower the human capital besides strengthening their productivity level.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 provides for protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and also for the matters incidental thereto. The Company has accordingly adopted the policy against Sexual Harassment of Women at Workplace, for the purpose of preventing, prohibiting and redressing sexual harassment of female employees at all the workplace within the Company which are based on fundamental principles of justice and fair play.

Further, Anti Sexual Harassment Committee has been constituted at each unit which shall be responsible for redressal of complaints related to sexual harassment. The details of all such Complaints and its proper redressal through prompt corrective steps are informed to the Top Management so as to ensure that suitable processes and mechanisms are put in place to ensure that issues of sexual harassment, if any, are effectively addressed. During the year, no complaints of sexual harassment were received by the Company from any of its Units.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act read with the Companies (Accounts) Rules, 2014 are provided in the Annexure to the Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 134(5) of the Companies Act, 2013, the Board of Directors of the Company hereby state and confirm that;

I. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

II. The Directors have selected accounting policies and applied them consistently and made 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 of the Company for the year under review.

III. The Directors have taken proper and sufficient care for the maintenance of adequate record in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

IV. The Directors have arranged preparation of the accounts for the financial year ended 31.03.2018 on a going concern basis.

V. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

VI. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Corporate Governance Report and Management Discussion and Analysis Statement are attached to this Report. Certificate from the Statutory Auditors of the Company confirming the compliance with the conditions of Corporate Governance as stipulated under Schedule V of the Listing Regulation is also attached to this report.

BUSINESS RESPONSIBILITY REPORT

In pursuance of Regulation 34(2) (6) of the SEBI (LODR) Regulations, 2015, the Business Responsibility Report, containing the initiatives taken by the company from environmental, social and governance perspective, forms part of this Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The details of internal financial control and their adequacy are included in the Report of management Discussion & Analysis, which forms part of this report.

RATIO OF REMUNERATION TO EACH DIRECTOR

Details / Disclosures of Ratio of Remuneration of Director to the median employee's remuneration as required by the Act and Companies Rules are appended.

SIGNIFICANT & MATERIAL ORDER PASSED BY THE REGULATORS

No significant and material order was passed by any Regulators that have any impact on the going concern status and the operations of the Company.

DETAILS REGARDING ISSUE OF SHARES

During the year under review the Company has not issued any shares. However the Company has resorted to Buyback.

AUDITORS

In the 14th Annual General Meeting of the Company held on 28.08.2017, M/s. BSR & Co LLP, Chartered Accountants (ICAI Firm Regn. No. 101248W/W-100022) were appointed as Statutory Auditors of the Company for a period of 5 Years from the Financial Year 2017 – 18, subject to ratification at every Annual General Meeting, as per the requirements of the Companies Act 2013. However, the Companies Amendment Act 2017 has dispensed with the requirement of ratification at every Annual General Meeting. The Board recommends the continuity of BSR & Co LLP, Chartered Accountants as Auditors for the FY 2018-19.

AUDITORS REPORT

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

COST AUDIT

In pursuance of Companies (Cost Records and Audit) Rules, 2014, the Company has appointed a Cost Auditor for the Company to audit the cost records for the Financial Year 2017-18.

SECRETARIAL AUDIT REPORT

As required by the Act a Secretarial Audit Report issued by a Company Secretary in practice is annexed.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude and express their appreciation for the assistances and co-operation received from the Bankers, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to thank the employees at all levels for their co-operation and dedication.

By order of the Board of Directors

Coimbatore
30.04.2018

K.P. Ramasamy
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Form AOC - 1

(Pursuant to first provision to sub-section 12 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Financial Summary of Subsidiary Companies

(₹ in Lakhs)

Particulars	Quantum KNITS PVT. Limited	K.P.R. Sugar Mill Limited	Galaxy Knits Limited	Jahnvi Motor Private Limited
Share Capital	10	583	5	193
Reserves & Surplus	2,039	27,518	(1)	553
Total Assets	2,057	77,748	4	3,649
Total Liabilities	8	49,647	-	2,903
Investments (Excluding investment in subsidiaries)	-	-	-	-
Turnover	-	78,916	-	9,258
Profit / (loss) Before Tax	(34)	8,826	-	80
Provision for Tax	(6)	2,295	-	16
Profit After Tax	(28)	6,531	-	64
Proposed Dividend	-	-	-	-
% Share Holding	100	100	100	100

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

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

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

1. Remuneration paid to Whole-Time Directors (WTD) **(₹ in Lakhs)**

Name of the Director	Title	% Increase over previous year	Ratio of Remuneration to MRE
Sri. K.P. Ramasamy	Chairman	- 2.67	144.50
Sri. KPD. Sigamani	Managing Director	- 2.67	144.50
Sri. P. Nataraj	Managing Director	- 2.67	144.50
Sri. C.R. Anandakrishnan	Executive Director	NIL	3.97
Sri. E.K. Sakthivel	Executive Director	NIL	2.97
Sri. P. Selvakumar	Whole time Director	11.74	1.65

2. Remuneration paid to Non-Executive Directors

The Non-Executive Directors of the Company are entitled for sitting fee only and its details are provided in the Corporate Governance Report.

ANNEXURE TO THE DIRECTORS' REPORT

3. Remuneration paid to other Key Managerial Personnel (KMP)

Name of the KMP	Title	% Increase over previous year
Sri. PL Murugappan	Chief Financial Officer	10.65
Sri. P. Kandaswamy	Company Secretary	6.42

4. Percentage increase in the Median Remuneration of employees in the financial year: 11.25%

5. Number of Permanent Employees on the roll of the Company at the end of the year: 13424

6. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration.

The average annual increase in the salaries of employees during the year was **11.25%** while the average increase in managerial remuneration during the year was **-2.58**. The Managerial Remuneration is fixed by the Shareholders on recommendation of Nomination and Remuneration Committee and Board.

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

By order of the Board of Directors

Coimbatore
30.04.2018

K.P. Ramasamy
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2017-18

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

CSR is not just about helping others and creating a feel- good atmosphere in an entity. It is also a confirmation from the entity that it understands its responsibility towards the world in which it operates. As Education is considered to be the most powerful instrument which one can use to change the world, we predominantly concentrate on promotion of education besides other social objectives. The CSR activities under the Policy are those covered under the ambit of Schedule VII of the Companies Act 2013. It's initiatives includes Promotion of education, ensuring environmental sustainability, Medical aid etc., The Policy is available in the website of the Company at **www.kprmilllimited.com** CSR projects are subject to audit.

1. The Composition of the CSR Committee

The composition of the Committee is as follows

a) Sri. K.P. Ramasamy - Chairman

b) Sri. KPD. Sigamani - Managing Director

c) Sri. P. Nataraj - Managing Director

d) Dr. S. Ranganayaki - Independent Director

2. Average net profit of the company for last three financial years

₹ 23,994 lakhs

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

₹ 479.87 Lakhs

4. Details of CSR spent during the financial year

During the Financial year funds were utilized towards promotion of education directly.

5. Total amount spent for the financial year

₹ 481.75 Lakhs

6. Amount unspent, if any

NIL

ANNEXURE TO THE DIRECTORS' REPORT

7. Manner in which the amount spent during the financial year is detailed below:

(₹ in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity identified.**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or program wise**	**Amount spent on the projects or programs Subheads: 1. Direct Expenditure on projects and programs 2. Overhead**	**Cumulative expenditure up to the reporting period**	**Amount spent: Direct or through implementing agency**
1	Promotion of Education - Scholarship	Education	Arasur, Coimbatore District, Tamil Nadu.	479.87	481.75 Direct Expenditure	481.75	Direct 481.75
		Total		**479.87**	**481.75**	**481.75**	**481.75**

8. **Details of implementing agency :** Nil

9. **The Committee hereby state that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

Coimbatore
30.04.2018

P. Nataraj
Managing Director

K.P. Ramasamy
Chairman
CSR Committee

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION PURSUANT TO COMPANIES (ACCOUNTS) RULES, 2014

A) CONSERVATION OF ENERGY

a) ENERGY CONSERVATION MEASURES TAKEN

Towards reduction of power consumption:

1) At Neelambur unit, the standard speed Centrifugal fans are converted into variable speed.

2) At Arasur unit, to control the Department RH (Relative Humidity) in the Spinning Humidification Plant, the RH controller are installed with VFD units .

b) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR CONSERVATION OF ENERGY

Further efforts are being taken to reduce power consumption at all units by installing the Power Monitoring devices.

c) IMPACT OF THE MEASURE (a) & (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON COST OF PRODUCTION OF GOODS

The energy saving measures result in consumption of economized power and fuel that would reduce the cost of production. Total energy consumption & Consumption per unit of production are as per Form `A' below:

FORM A – PARTICULARS IN RESPECT OF ENERGY CONSUMPTION:

I Power and Fuel Consumption

Particulars	Units	2017-18	2016-17
1. Power & Fuel Consumption			
A) Electricity			
i) Connected Load	KVA	40,415	39,915
ii) Purchase of Units	Lakh Units	395	216
iii) Total Amount	₹ Lakhs	2,823	1,503
iv) Rate Per Unit (Average)	₹	7.15	6.96
v) Demand Charges	₹ Lakhs	1,414	1,368
B) Electricity from Third Party			
i) Purchase of Units	Lakh Units	847	884
ii) Total Amount	₹ Lakhs	3,656	4,693
iii) Rate Per Unit (Average)		4.32	5.31
2. Own Generation			
i) Through Diesel Generator			
Units generated	Lakh Units	4	1
Total Amount	₹ Lakhs	68	21
Cost/Unit	₹	17.54	16.50
Units/Litre of Diesel	Units	3.57	3.24
ii) Through Wind Mill			
Units generated	Lakh Units	1,295	1,228
iii) Through Steam Turbine Units Coal/Furnace Oil / Others	Units	NIL	NIL
II Consumption per unit of Production			
a) Production of Yarn	Kgs	8,49,46,780	8,63,01,692
Electricity (units) per Kg of yarn Production	Units	2.62	2.48
b) Processed Fabric	Kgs	1,30,41,540	91,20,607
Electricity (units) per Kg of Fabric Processed	Units	1.35	1.13
c) Garment Produced – In House	No. of Pcs	3,60,40,403	1,47,16,770
Electricity consumed/ Garment Production	Units	0.24	0.28

ANNEXURE TO THE DIRECTORS' REPORT

B. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which R&D carried out by the Company:

   Further Improvement in Quality of Products, Development of new Products and Designs,

   Cost control measures, Energy Conservation etc.

2. Benefits derived as a result of above R&D:

   Sustained quality of products at economized cost.

3. Future Plan of Action:
   Continuous focus on innovations in Textile development processes & products.

4. Technology absorption, adaptation and innovation:
   The advanced technology of cold processing adopted at our new state of the art processing unit reduces the water consumption by 30% and eliminates the usage of Salt completely. This eco - friendly facility will economise the cost of production besides enhancing the quality.

All manufacturing facilities are equipped with high-tech quality control equipment and well trained Personnel. ETP at Processing Division has Zero Discharge System.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in Lakhs)

S.No	Particulars	2017 -18	2016 -17
1.	Foreign Exchange earned through exports amounted to	77,255	64,200
2.	Foreign exchange used	31,227	44,636

By Order of the Board of Directors

Coimbatore
30.04.2018

K.P. Ramasamy
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

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

To,

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by K.P.R. Mill Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 (to the extent applicable)

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act,1999 and the rules and regulations made thereunder

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client;

   e) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;

vi. and other applicable laws to a Textile Industry viz., Textile Control Orders, Textile Committee Produce Cess Act, Textile (Development and Regulation) Order etc.,

As per the information and explanation provided by the management and officers of the Company and also on verification of reports and certificates of professionals, I report that adequate systems are in place to monitor and ensure compliance of Laws relating to Direct and Indirect Taxes, Labour and other Legislations.

I have also examined compliance with the Listing Agreement and applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Secretarial Standards issued by The Institute of Company Secretaries of India.

ANNEXURE TO THE DIRECTORS' REPORT

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and Women Director. There were no changes in the composition of the Board of Directors during the period under review.

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

As per the minutes of the Meeting duly recorded and signed by the Chairman the decisions of the Board were unanimous and no dissenting views have been recorded.

As informed, the Company has responded appropriately to the notices received from various statutory / regulatory authorities wherever found necessary.

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

I further report that during the audit period there was the following event:

During the period under review the Company has initiated the Buy Back of 13,35,000 Equity Shares at a Price of ₹ 810/- each and the same was completed on 13.04.2018.

I further report that during the audit period there were no instance of

a) Public / Rights / Preferential Issue of Shares / Debentures / Sweat Equity

b) Redemption

c) Foreign Technical Collabaration

d) Merger / Amalgamation / Reconstruction, etc

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Place : Coimbatore
Date : 30.04.2018

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

ANNEXURE TO THE DIRECTORS' REPORT

To,

'Annexure A'

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

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification done on test basis to ensure that correct facts are reflected in secretarial records. believe that the processes and practices, I followed, provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. I have obtained the Management representation about the Compliance of Laws, Rules and Regulations and happenings of events, etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Coimbatore
Date :30.04.2018

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

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is a process, relation and mechanism set up on certain guidelines and principles by which a Corporate is controlled and directed. The principles provided in the system ensure that the Company is governed in a way that it is able to set and achieve its goals and objectives in the context of the social, regulatory and market environment, and is able to maximize profits and also benefit those whose interest is involved in it, in the long run.

The Company's philosophy on Corporate Governance envisages the attainment of high-level of transparency in all facets of procedures and reporting systems. KPR's governance practices stems from an inherent desire to improve business excellence and to enhance the stakeholders' value with strong emphasis on transparency, accountability and integrity.

BOARD OF DIRECTORS

The Board consists of eminent Professionals from different fraternity empowering the Corporate's strive for sustained better Corporate Governance practices. It comprises twelve Directors viz., One Executive Chairman, Five Executive Directors and Six Independent Directors (Including one woman Director) having no business relationship with the Company & constituting 50% of Board's composition in compliance with the Listing Regulation & Companies Act 2013 ('Act').

Name of the Director	Category	Number of Directorships held in other Companies**	Number of Board & Committee Memberships in Other Companies ***	
			Chairman	Member
1. Sri. K. P. Ramasamy	Executive Director	1	-	-
2. Sri. KPD Sigamani	Executive Director	1	-	-
3. Sri. P. Nataraj	Executive Director	1	-	-
4. Sri. C.R. Anandakrishnan	Executive Director	-	-	-
5. Sri. E.K. Sakthivel	Executive Director	-	-	-
6. Dr. K. Sabapathy	Independent Director	1	-	-
7. Sri. G.P. Muniappan	Independent Director	1	1	1
8. Sri. K.N.V. Ramani	Independent Director	6	3	7
9. Sri. A.M. Palanisamy	Independent Director	1	2	2
10. Sri. C. Thirumurthy	Independent Director	-	-	-
11. Dr. S. Ranganayaki	Woman Director	-	-	-
12. Sri. P. Selvakumar	Executive Director	-	-	-

*** Excluding Directorship in K.P.R. Mill Limited & its Subsidiaries, Private Limited Companies which are neither a Subsidiary nor a Holding Company of a Public Company, Companies under Section 8 of the Act, alternate Directorship and Companies incorporated outside India.*

**** Chairmanship / Membership of Board Committees include Audit Committee and Stakeholders Relationship Committee but exclude Committees of Subsidiary Company, Private Limited Companies, Foreign Companies and Companies under Section 8 of the Act.*

Their Directorships are within the limit prescribed. The Independent Directors have the option and freedom to interact with the Company Management periodically and they are provided with the information required to perform their functions effectively.

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

BOARD PROCEDURE

During the year under review Five Board Meetings were held. The dates and notices were fixed / issued well in advance in compliance with the Secretarial Standards. Meetings were held on 03.05.2017, 25.07.2017, 30.10.2017, 06.02.2018 and 22.02.2018. The Agenda and Notes on agenda containing all material information such as raw materials purchased, yarn produced, yarn sold, fabric production, fabric sales, fabric processing, garment production, export of garments, power generated, power consumed, realization, stock details, working capital facilities, term loan availment , FOREX risk exposures, annual budget, capital expenditure, sale of assets, proposal of Investments & Projects, status of its implementation, financials of Subsidiary Companies etc., are circulated to the Directors in advance for facilitating meaningful and focused discussions at the Meetings. The attendance record of each Director at the Board Meetings and at the last Annual General Meeting is given below:

Name of the Director	Number of Board Meetings Attended	Last AGM Attended Yes/No
1. Sri. K.P. Ramasamy	4	Yes
2. Sri. KPD. Sigamani	4	Yes
3. Sri. P. Nataraj	5	Yes
4. Sri. C.R. Anandakrishnan	5	Yes
5. Sri. E.K. Sakthivel	3	Yes
6. Dr. K. Sabapathy	4	Yes
7. Sri. G.P. Muniappan	5	Yes
8. Sri. K.N.V. Ramani	4	Yes
9. Sri. A.M. Palanisamy	4	No
10. Sri. C. Thirumurthy	5	Yes
11. Dr. S. Ranganayaki	5	Yes
12. Sri. P. Selvakumar	4	Yes

AUDIT COMMITTEE

The Audit Committee consists of 3 Directors of which 2 are Independent Directors. All the Members of the Audit Committee are financially literate. A Member is a Chartered Accountant and another is Retd. Deputy Governor of RBI. The terms of reference to the Audit Committee are as per the provisions of Section 177(4) of the Act & Regulation 18 of the Listing Regulation and in pursuance of Audit Committee Charter.

1. Sri G.P. Muniappan	-	Independent & Non – Executive Director (Chairman)
2. Dr. K. Sabapathy	-	Independent & Non – Executive Director
3. Sri. P. Nataraj	-	Independent & Executive Director

During the year under review, the Audit Committee met Four times and the attendance of each Member is furnished as below:

Name of the Member	Attendance at the Meetings held on			
	25.04.2017	20.07.2017	23.10.2017	02.02.2018
1. Sri. G. P. Muniappan – Independent & Non- Executive Director (Chairman)	✓	✓	✓	✓
2. Dr. K. Sabapathy – Independent & Non -Executive Director	✓	✓	✓	✓
3. Sri. P. Nataraj – Non-Independent & Executive Director	✓	✓	✓	✓

✓ Attended

Statutory Auditors, the permanent invitees to the Committee Meetings attended all the aforesaid meetings.

Sri.P.Kandaswamy, Company Secretary functions as the Secretary of the Committee.

The Committee recommends the appointment & remuneration of Internal Auditors, Statutory Auditors and Cost Auditors. A qualified Chartered Accountant with good exposure conducts Internal Audit. The Chairman of the Audit Committee was present at the last Annual General Meeting held on 28.08.2017

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

NOMINATION AND REMUNERATION COMMITTEE

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

1. Sri. G.P. Muniappan	–	Independent & Non-Executive Director (Chairman)
2. Dr. K. Sabapathy	–	Independent & Non-Executive Director
3. Dr. S. Ranganayaki	–	Independent & Non - Executive Director

The terms of reference specified by the Board of Directors to the Committee are as per the provisions of Section 178 of the Act & Regulation 19 of the Listing Regulation and Nomination & Remuneration Policy which are broadly indicated hereunder.

The functions of Committee is to formulate criteria to determine qualifications, positive attributes and independence of Directors, Key Managerial Personnel (KMP), Senior Management etc., and recommend to the Board a Policy relating to their appointment and remuneration, so as to ensure that the Company's policies in respect of the Directors, KMP are competitive to recruit and retain the best talent in the Company and to ensure appropriate disclosure of remuneration paid to the said persons.

Name of the Member	Attendance at the Meeting held on 22.02.2018
1. Sri. G.P. Muniappan – Independent & Non- Executive Director (Chairman)	✓
2. Dr. K. Sabapathy – Independent & Non -Executive Director	✓
3. Dr. S. Ranganayaki – Independent & Non - Executive Director	✓

✓ Attended

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

Name of the Director	Remuneration during the year 2017 – 18 (₹ in Lakhs)	Sitting fees for attending meeting of the board and/or committee there of (₹ in Lakhs)
Sri. K.P. Ramasamy	873.00	Nil
Sri. KPD. Sigamani	873.00	Nil
Sri. P. Nataraj	873.00	Nil
Sri. C.R. Anandakrishnan	24.00	Nil
Sri. E.K. Sakthivel	18.00	Nil
Dr. K. Sabapathy	Nil	2.40
Sri. K.N.V. Ramani	Nil	0.80
Sri. G.P. Muniappan	Nil	2.60
Sri. A.M. Palanisamy	Nil	0.80
Sri. C. Thirumurthy	Nil	1.00
Dr. S. Ranganayaki	Nil	1.00
Sri. P. Selvakumar	9.99	Nil

The Nomination and Remuneration Committee Policy has been framed and displayed in the Company's Website.

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

1. Dr. K. Sabapathy	–	Independent & Non - Executive Director (Chairman)
2. Sri. G.P. Muniappan	–	Independent & Non - Executive Director
3. Mr. P. Nataraj	–	Non Independent & Executive Director

The Committee consists of 3 Directors of whom 2 are Independent. It held four Meetings during the Financial Year and the attendance of each Member is furnished as below:

Name of the Member	Attendance at the Meeting held on			
	25.04.2017	20.07.2017	23.10.2017	02.02.2018
1. Dr. K. Sabapathy – Independent & Non - Executive Director (Chairman)	✓	✓	✓	✓
2. Sri. G. P. Muniappan – Independent & Non - Executive Director	✓	✓	✓	✓
3. Sri. P. Nataraj – Non-Independent & Executive Director	✓	✓	✓	✓

✓ Attended

Sri. P. Kandaswamy, Company Secretary is the Secretary to the Committee and the Compliance Officer of the Company.

Nature of complaint / queries received during 2017 -18	No. of Complaints
For non-receipt of dividend, annual report, shares Lodged for transfer, issue of duplicate share certificates.	5
Queries / Complaints redressed	5
Pending queries/ complaints as on 31.03.2018	0

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

As per Regulation 46 of the Listing Regulation, the Company has designated the following exclusive E-mail ID for the convenience of Investors: **investors@kprmill.com**

In addition they can forward their grievance, if any, to the following E-mail ID also: **kandaswamy@kprmill.com**

As required by the Listing Regulation, Company's website **www.kprmilllimited.com** is updated with the Quarterly information conveyed to the Stock Exchanges.

All information that required to be disseminated in the Company's website as per Regulation 46 (2) of the Listing Regulations are disseminated. The Company's website contains a separate dedicated section 'Investor' wherein shareholders' information are available. The Company's Annual Report is also available in a user-friendly and downloadable form.

With a view to regulate trading in securities by the Directors and Designated Employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee consists of Four Directors of which one is Independent Director.

1. Sri. K.P. Ramasamy	–	Non Independent & Executive Director (Chairman)
2. Sri. KPD Sigamani	–	Non Independent & Executive Director
3. Sri. P. Nataraj	–	Non Independent & Executive Director
4. Dr. S. Ranganayaki	–	Independent & Non - Executive Director

The main objective of the Corporate Social Responsibility Committee is to assist the Board of Directors and the Company in fulfilling its Corporate Social Responsibility ("CSR") activities. Besides and in line with the terms of reference made by the Board of Directors while constituting the Committee, the Committee has the overall responsibility for identifying the areas of CSR activities; recommending the amount of expenditure to be incurred on the identified CSR activities; devising and implementing the CSR policy; coordinating with the Agency, if any, appointed to implement programs and executing initiatives as per CSR policy of the Company. The Committee is also responsible for reporting the progress of various initiatives and in making appropriate disclosures on a periodical basis. The CSR Policy has also been framed and its details are uploaded in the Company's website.

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

Name of the Member	Attendance at the meeting held on 25.04.2017
1. Sri. K.P. Ramasamy – Non Independent & Executive Director (Chairman)	✓
2. Sri. KPD Sigamani – Non Independent & Executive Director	✓
3. Sri. P. Nataraj – Non Independent & Executive Director	✓
4. Dr. S. Ranganayaki – Independent & Non-Executive Director	✓

✓ Attended

FAMILIARIZATION PROGRAM

Familiarization Program on the Company and its operations was conducted apprising the Independent Directors of the following:

1. Roles, Rights and Responsibilities of Independent Directors in the Company.
2. Manufacturing Facilities/Units of the Company
3. Products Manufactured
4. Production Capacity of each segment and expansion under progress that are approved by Board from time to time
5. Key Strengths
6. Evolution
7. Unique Employment Model
8. Power Self-sufficiency through captive green power
9. CSR Activities
10. Historical performance & Future Plans

Besides Reports on the following activities apprising the system and procedures followed by the Company in ensuring compliance/ observance of those activities were also provided:

1. Compliance with applicable Legislations and Regulations
2. Risk Management
3. Ensuring significant development in Human Resources / Industrial Relations
4. Annual Budgets and Funding Plans consistent with agreed corporate strategies
5. Internal Finance Control – Signature Controls, Data Controls, Budget Controls.

CEO / CFO CERTIFICATION

The CEO and CFO have furnished a certificate relating to financial statements and internal controls and systems to the Board of Directors as required, which forms part of this Annual Report.

GENERAL BODY MEETING

Details of Location, Date of the General Meetings held during the last three years:

Annual General Meeting	Date	Venue	Time of Meeting
12th	25.08.2015	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore-641 018	11.30.A.M
13th	25.08.2016	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore-641018.	11.30 A.M
14th	28.08.2017	Hotel Le Meridien, 762 Avinashi Road, Neelambur, Coimbatore – 641062	11.30 A.M

No Special Resolutions passed in the 14th Annual General Meeting of the Company.

POSTAL VOTING AND E-VOTING :

In pursuance of the Listing agreement, E-Voting, Postal voting facilities and voting at the 14th AGM were extended to all the Shareholders of the company to facilitate Voting on the Subjects/Resolutions contained in the 14th AGM notice. To conduct the voting procedure in a fair and transparent manner, a Scrutinizer was appointed for the above purposes. Accordingly the Scrutinizer conducted the voting process and submitted his reports on the voting polled, to the Chairman of the company.

As per the said Report, the results of the voting on the Subjects/ Resolutions, contained in the Agenda of the meeting were announced. Besides Reports were forwarded to the Stock Exchanges. They were also uploaded along with the scrutinizers report, in our website. Entire Resolutions contained in the said agenda were passed.

DISCLOSURE:

I. None of the transactions with related parties during the year 2017 - 18 were in conflict with the interest of the Company and all the transactions were only with the Wholly Owned Subsidiary Companies.

II. No penalty or levy has been imposed by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during last year.

III. Sri. K.P. Ramasamy, Chairman, Sri. KPD. Sigamani, Managing Director and Sri. P. Nataraj, Managing Director are related to each other. Sri. C.R. Anandakrishnan, Executive Director is related to Sri. K.P. Ramasamy, Chairman and Sri. E.K. Sakthivel, Executive Director is related to Sri. KPD. Sigamani, Managing Director.

IV. The Independent Directors of the Holding Company were nominated in the Subsidiary Companies Viz: M/s. K.P.R Sugar Mill Limited (Material Subsidiary), M/s. Jahnvi Motor Private Limited and M/s Quantum KNITS PVT. LIMITED.

V. Directors Responsibility Statement and Management Discussion and Analysis Report have been furnished elsewhere in the Annual Report.

VI. The Company has a system to inform the Members of the Board about the risk Assessment and its minimization procedure.

MEANS OF COMMUNICATION

The Annual Report containing the financial statements is posted / e-mailed to the shareholders of the Company in compliance with the provisions of the Act. Towards Green Initiative, the Shareholders are requested to convey / update their e-mail address as well as register the same with their respective Depository Participant.

Official-news releases and official media releases are sent to Stock Exchanges.

A) Quarterly Results are usually published in “Business Line” (English) or “Financial Express” (English) and in “Dinamalar” (Tamil) or “Dinamani” (Tamil).

B) The Financial Results are also accessible on the Company’s Website - **www.kprmilllimited.com**

C) Presentations made to institutional investors and financial analysts on the Company’s unaudited quarterly as well as audited annual financial results are uploaded on the Company’s website.

SHAREHOLDERS INFORMATION

Annual General Meeting		
Day and Date	:	Monday, 27th August, 2018
Time	:	11.30 AM
Venue	:	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore - 641018.

DATE OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company will remain closed from 22nd August 2018 to 27th August 2018 (Both days inclusive) for the purpose of Final Dividend and Annual General Meeting of the Company.

SHARE DETAILS:

The Equity Shares of the Company are listed at the following Stock Exchanges:

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

National Stock Exchange of India Ltd. **Symbol: KPRMILL**
Exchange Plaza, Plot: C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051.

The Annual Listing Fee payable to the Stock Exchanges for the Financial Year 2016-17 have been paid in full.

DEMATERIALISATION OF SHARES:

Members have the option to hold their shares in demat form either through the National Securities Depository Limited or the Central Depository services Limited. The ISIN Number of the Company is **INE930H01023**

The Annual Custodian Fee for the Financial Year 2017-2018 to NSDL and CSDL have been paid in full.

As on 31.03.2018, shares representing 99.99 percentage of the total paid up capital of the Company are held in dematerialized form with NSDL and CDSL.

REGISTRAR AND TRANSFER AGENTS:

Karvy Computershare Private Limited,
Karvy Selenium, Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032.
Ph: 040 6716 2222
Fax: 040 2300 1153
Toll free no: 1800 345 4001
E-mail: einward.ris@karvy.com

SHARE TRANSFER SYSTEM

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

Similarly, in the case of a purchase, the Broker will arrange to credit the shares in the Demat account of Share Holder within 24 hours after the payout has been declared by the Exchange. There is no need for a separate communication with the Company or its Share Transfer Agents.

Please register your mobile number and email id with the DP, to get instant information through SMS from the Depository, whenever shares are debited from your DP account. Please ensure from your DP that your order is intact. Please collect a copy of transaction/holding from your DP periodically. Also use the nomination facility available with the Depository and register the nominee.

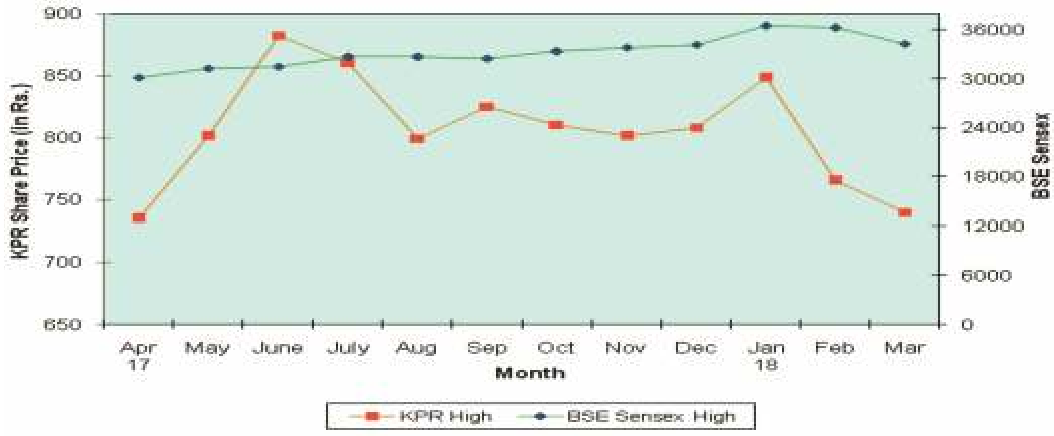
In respect of shares transferred in physical form, the investors need to attach a photocopy of the PAN card issued by the Income Tax Department along with the transfer deed. After the Share transfer committee of the Company, consisting of Chairman and Managing Directors, approves the transfer, the shares will be transferred by the Share Transfer Agent. For matters regarding the physical shares, the investors may approach the Company's Share Transfer Agent.

MARKET PRICE DATA

The details of the monthly highest and lowest closing quotations of the Equity Shares of the Company at the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., during the financial year 2017-2018 are given below:

MONTH	BSE			NSE		
	High (₹)	Low (₹)	Total Traded Quantity (in Crs)	High (₹)	Low (₹)	Total Traded Quantity (in Crs)
April 2017	735.00	656.25	0.005	744.00	657.20	0.062
May 2017	801.00	715.30	0.031	799.45	708.35	0.078
June 2017	882.00	788.80	0.007	884.00	781.60	0.046
July 2017	860.95	750.00	0.032	856.00	753.00	0.101
August 2017	799.85	725.00	0.011	809.00	720.10	0.049
September 2017	825.00	733.70	0.046	824.40	735.00	0.040
October 2017	810.00	714.00	0.041	812.00	710.00	0.079
November 2017	801.75	688.00	0.005	800.00	685.00	0.055
December 2017	808.95	703.05	0.029	814.80	701.05	0.092
January 2018	848.50	720.95	0.007	850.00	716.10	0.052
February 2018	765.90	666.60	0.009	766.00	666.35	0.105
March 2018	740.00	630.00	0.031	737.85	629.05	0.046

KPR Share Price Vs BSE Sensex



DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH 2018

Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Equity
1-500	12439	90.96	1061229	1.44
501 - 1000	600	4.39	446711	0.60
1001 - 2000	252	1.84	383294	0.52
2001 - 3000	95	0.69	237979	0.32
3001 - 4000	57	0.42	206337	0.28
4001 - 5000	37	0.27	170530	0.23
5001 - 10000	67	0.49	460810	0.62
10001& Above	128	0.94	70928894	95.99
Total	**13675**	**100.00**	**73895784**	**100.00**

*Due to participation in buyback

SHAREHOLDING PATTERN AS ON 31st MARCH 2018

Category	Number of Shares Held	% of Holding
Promoters & Promoters Group	5,53,46,541	74.90
Mutual Funds	96,72,213	13.09
Banks & Financial Institutions	17	0
Foreign Institutional Investors	20,51,155	2.78
NRIs	3,41,722	0.46
Bodies Corporate	3,02,448	0.41
Public	61,81,688	8.36
Total	**7,38,95,784**	**100.00**

SHAREHOLDING OF DIRECTORS AS ON 31st MARCH 2018

S. No	Name of Director	Shareholding
1	Sri. K.P. Ramasamy	1,59,50,000
2	Sri. KPD. Sigamani	1,59,50,000
3	Sri. P. Nataraj	1,59,50,000
4	Sri. C.R. Anandakrishnan	1,413
5	Sri. E.K. Sakthivel	-
6	Dr. K. Sabapathy	-
7	Sri. K.N.V. Ramani	-
8	Sri. G.P. Muniappan	-
9	Sri. A.M. Palanisamy	-
10	Sri. C. Thirumurthy	10
11	Dr. S. Ranganayaki	-
12	Sri. P. Selvakumar	-

PLANT LOCATION:

LOCATION	TELEPHONE	FACILITIES
Indiampalayam Village, Sathyamangalam – 638 454	Tel: + 91 4285 251490	Spinning
S.F.No.273, Kittampalayam, Karumathampatti, Coimbatore – 641 659.	Tel: + 91 421 232 1000	Spinning, Compact & Mélange
S.F. No.525, Neelambur, Coimbatore – 641 062	Tel: + 91 422 2625115	Spinning & Knitting
S.F.No.181, Kollupalayam, Arasur, Coimbatore – 641 407.	Tel: + 91 422 2635500	Spinning, Knitting & Garmenting
252, Periyar Colony, Tirupur – 641 652	Tel: + 91 421 2259200	Garmenting
SIPCOT Industrial Area, Perundurai	Tel: + 91 4294 234800	Processing Unit I & II and Printing Division
270 J, Periyar Colony, Tirupur – 641 652	Tel: + 91 421 2259500	Marketing (Yarn & Fabric)
S.F. No 7, Avinashi Road, Thekkalur, Tirupur- 641 654	Ph: +91 89733 33255	Garmenting
No 460, Avinashi Main Road, Thekkalur, Tirupur – 641 654	Tel: +91 422 263 5550	Garmenting
Tirunelveli, Tenkasi, Theni & Coimbatore District		Windmills

ADDRESS FOR CORRESPONDENCE

The Company Secretary,
K P R Mill Limited,
1st Floor, Srivari Shrimat,
1045, Avinashi Road,
Coimbatore – 641 018.
Ph. : +91 422 220 7777
Fax : +91 422 220 7778

For your reference the Company's CIN: L17111TZ2003PLC010518

CAPITAL INTEGRITY AUDIT

The Certificate from a Practicing Company Secretary, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the National Securities Depository Limited and Central Depository Services (India) Limited, is placed before the Board on a quarterly basis. A copy of the said Certificate is submitted to the Stock Exchanges where the securities of the Company are listed.

PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has prescribed a Code of Conduct for prevention of insider trading through Purchase / Sale of Share of the Company by an insider on the basis of unpublished price sensitive information. The same is followed and the designated persons are disclosing the related information periodically.

The Company has also formulated a Code for Fair Disclosure of the Price Sensitive information in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same is disseminated in the website of the Company.

Sri. P. Kandaswamy, Company Secretary functions as the Compliance Officer.

SUBSIDIARY

The financials of the subsidiary companies viz., M/s. K.P.R. Sugar Mill Limited, M/s. Jahnvi Motor Private Limited, M/s. Quantum KNITS PVT. LIMITED & M/s. Galaxy Knits Limited have been duly reviewed by the Audit Committee and the Board of the Holding company. Salient features of the Board minutes of the unlisted subsidiary companies have been placed before the Board of the Holding company. The Holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary companies.

MATERIAL SUBSIDIARY:

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

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

RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of the Listing Regulation, the Company has framed a Risk Management Policy. In the opinion of the Board there appears to be no element of risk which may threaten the existence of the company. The Risk Management Policy is disseminated in the website of the Company.

RELATED PARTY TRANSACTIONS (RPT)

There has been no materially significant related party transaction with the company's Promoters, Directors, KMP, and the Management, their Subsidiaries or relatives which may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions in pursuance of Accounting Standards are given in the notes to accounts. The Company has also formulated a policy on dealing with the Related Party Transactions and the details of such policies are disseminated on the website of the Company.

TRANSFERS TO IEPF ACCOUNT OF CENTRAL GOVERNMENT

The Company has transferred the following unpaid dividend Accounts and Shares related to dividends which remained unpaid for more than seven years that were due for transfer during the financial year 2017-18 to the Investor Education and Protection Fund of the Central Government:

Transfer of Dividend to IEPF Account :

S. No	Dividend	Date of Transfer	Amount in ₹
1	Interim Dividend 2009 -10	03.07.2017	1,10,940
2	Final Dividend 2009 -10	02.11.2017	38,413
3	Interim Dividend 2010 -11	27.12.2017	44,115

Transfer of Shares to IEPF Account

No. of Share Holder	No. of Shares	Date of Transfer
19	1216	30.11.2017

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

Committed to the principles of good Corporate Governance, the Company has, wherever necessary, complied with the Voluntary Guidelines issued by the Ministry of Corporate Affairs on Corporate Governance and the Non Mandatory requirements of Regulation 27(1) of the Listing Regulation.

REPORT ON COMPLIANCE WITH THE DISCRETIONARY REQUIREMENTS

The Report on Compliance of Discretionary Requirements as provided in the Listing Regulation is furnished below.

1. The Board:

The Chairman of the Company is an Executive Chairman having an office at the premises of the company.

2. Shareholder Rights:

Financial Performance and significant events are disclosed in the website of the company from time to time besides forwarding to stock exchanges and publishing in newspaper. The Company is in the process of obtaining Email Id's of Shareholders and on completion of the process half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.

3. Modified opinion(s) in Audit Report:

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

4. Separate posts of Chairperson and Chief Executive Officer:

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

5. Reporting of Internal Auditor:

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

The above Corporate Governance Report has been placed before the Board of Directors at their Meeting held on 30.04.2018 and the same was approved thereat.

CODE OF CONDUCT AND ETHICS – DECLARATION

It is hereby declared that the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior / Key Management of the Company and the same has also been posted in the website of the Company and that all the Board Members and Senior / Key Management Personnel to whom this Code of Conduct is applicable have affirmed the compliance of Code of Conduct during the year 2017– 2018.

Coimbatore
30.04.2018

P. Nataraj
Chief Executive Officer &
Managing Director

Independent Auditor's Certificate on Corporate Governance
To the Members of K.P.R. Mill Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated September 21, 2017.

2. This report contains details of compliance of conditions of Corporate Governance by K.P.R. Mill Limited ('the Company')for the year ended March 31, 2018 as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), pursuant to the Listing Agreement of the Company with stock exchanges.

Management's responsibility for compliance with the conditions of the Listing Regulations

3. The compliance with the conditions of the Corporate Governance is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance as stipulated in the Listing Regulations.

Auditors' responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended March 31, 2018.

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI') and the Standards on Auditing specified under the Section 143 (10) of the Companies Act, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

Restriction on use

10. This certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Place: Chennai
Date: April 30, 2018

S. Sethuraman
Partner
Membership No. 203491

CEO / CFO CERTIFICATE

In relation to the Audited financial accounts of the Company as at March 31, 2018, we hereby certify that:

(a) We have reviewed financial statements (standalone and consolidated) for the Year and that to the best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Indian accounting standards, applicable laws and regulations.

(b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the Period which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept that it is our responsibility to establish and maintain internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the Auditor and the Audit Committee, deficiencies in the design or operation or such internal controls, if any of which we are aware and the steps we have taken or proposes to take to rectify these deficiencies.

(i) There were no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data and there have been no material weakness in internal controls over financial reporting including any corrective actions with regard to deficiencies.

(ii) There were no significant changes in internal control during the Period covered by this report.

(iii) All significant changes in accounting policies during the Period, and that the same have been disclosed in the notes to the financial statements;

(iv) There were no Instances of significant fraud of which we are aware, that involvement of the management or an employee who have a significant role in the Company's internal control system.

PL. Murugappan
Chief Financial Officer

P. Nataraj
Chief Executive Officer &
Managing Director

Place : Coimbatore
Date: 30.04.2018

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT-2017-18

ECONOMY

Global

The global economic upswing that began in 2016 has become broader and stronger. Global growth in 2017 was 3.8 per cent, the fastest since 2011. The cyclical upswing and structural change project that advanced economies will continue to expand above their potential growth rates this year and next. With financial conditions still supportive, global growth is expected to tick up to a 3.9 per cent rate in both 2018 and 2019. The emerging markets represent the biggest long-term growth opportunities and despite the fact that the size of some of those markets, such as China and India, already surpasses that of some matured markets, there is still plenty of room for growth considering their current per capita spending and the rise of the middle class.

(Source- IMF Report)

India

The year 2017 was marked by a number of key structural initiatives to build strength across macro-economic parameters for sustainable growth in the future. The growth in the first half of the year suffered despite global tailwinds. However, the weakness seen at the beginning of 2017 seems to have bottomed out as 2018 set in. Currently, the economy seems to be on the path to recovery, with indicators of industrial production, stock market index, auto sales and exports having shown some uptick. We believe that India's economic outlook remains promising for FY17-18 and is expected to strengthen further in FY18-19.The long-term growth prospective of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates and increasing integration into the global economy. On the whole, India's economy seems to be growing at a steady rate and the future is looking bright. If India continues to increase the export value of its products and services and manages to increase FDIs in the next few months, we will be able to achieve the targeted GDP growth rate in no time.

TEXTILE INDUSTRY

Global

The global textiles market size is expected to witness growth on account of the growing consumption of apparel. This trend is particularly prevalent in emerging economies including China, India, Mexico, and Bangladesh. Though China is the world's leading producer and exporter of both raw textiles and garments, there are many developing countries ready to climb this list in the near future as their investment into the textile or garment industry increases. Besides India, Countries such as Pakistan, Sri Lanka, and a number of South American countries have seen considerable growth in their textile markets in recent years. As China moves towards a service-based economy, and labor prices continue to rise, it is logical to assume that the garment producers may move away from China and into developing markets where labor is cheap and readily available.

India

Indian textile industry is at a turning point. On one hand China's export growth in textiles is decreasing, India, riding on cost advantage, has huge potential to play a prominent role in international textile trade. India is also amongst very few countries which have the entire value chain existing with the country. Further, following the true spirit of federal competitiveness, several states are coming out with their own policy and incentives scheme for the textile sector, which augurs well with the aim to make India a leading global player in the textile sector. Roll out of the GST will also help in streamlining the tax structure and improve compliance. The Industry needs to increasingly focus on innovation, modernisation and technological advancement to become world-leader in the textile sector. Workers need to be skilled every year to meet the demands of the industry and create direct and indirect employment. The wages in China are 2-3 times higher than India and given the aging population of China, the cost of apparel manufacturing will continue to rise there. In such a scenario, the global suppliers will start looking at other avenues for sourcing. Countries like Bangladesh and Vietnam are having preferential access in European Markets and hence it is extremely important that India get the FTA with Europe ratified at the earliest to move into global markets.

COTTON

The cotton prices continued with a volatile trend during the year under review. The sharp rise in cotton prices has pushed up material costs for Spinners, making export unviable and Uncompetitive. International cotton prices were also in uptrend. However, prices started softening as larger crop are on the cards in the coming season. Good rains have helped the Cotton crop and the long-term trend appear bearish, not only in India but globally, too, as the US, Australia and other cotton-growing countries have been seeing good crop. The cotton acreage during the 2017-18 season (October-September) has gone up compared to last year.

The yield has also likely to go up in view of the good monsoon witnessed across all cotton-growing regions. On global front, the production is projected to increase in all major Cotton producing countries. The International Cotton Advisory Committee (ICAC) has predicted that world cotton production will increase 10 percent during 2017-18. The Cotton Balance Sheet as 31.3.2018 is given below:

(In Lakhs Bales)

Opening Stock	30.00
Production	375.00
Imports	20.00
TOTAL SUPPLY	**425.00**
Consumption	324.00
Exports	70.00
TOTAL DEMAND	**394.00**
Closing Stock	31.00

(Source: Cotton Advisory Board).

YARN

Due to high volatility in cotton prices that accounts for over 65% of the total operating cost the spread between prices of cotton and cotton yarn was at a low .Among other issues, disruptions stemming from rollout of the Goods & Services Tax (GST) took a toll. Following a multi-year low profitability witnessed in the previous quarters, domestic spinners registered a recovery in performance for Q4 FY2018. Even though the cotton prices were expected to remain firm, domestic demand has started showing signs of restoration, with most of the headwinds witnessed during much of the financial year because of transition to GST and changes in export incentive structure subsiding. The exports too did not remain encouraging owing to subdued cotton yarn demand from China. However the domestic demand continues to be encouraging and the incremental demand infused by the sustained growth in Garment sector adds to the prospects of yarn segment.

GARMENTS

India is today recognized as one of the best sourcing destinations for garments, textiles, accessories and finish: It provides a perfect blend of fashion, design, quality, patterns, textures, colours and finish. Manufacturers here are ready to innovate, be flexible on quantities, have hands- on approach to quality control and keep the integrity on deadlines. Labour is skilled and economical while process are highly competitive without taking away from the quality of the final product. Amazing technological developments, superior design capabilities and companies that provide integrated logistics solutions are other highly prized support systems that the industry thrives on. Combined with these manmade assets are the country's natural assets which play a large role in boosting the garment industry- by providing raw materials of world class quality. Global factors such as free-trade agreements of competing nations with key markets like Europe, the UK and the US had already been posing a challenge to Indian ready-made garments (RMG) exporters. Moreover, post Goods and Services Tax (GST) implementation in July 2017, reduced export incentives coupled with delay in input credit refunds have intensified the industry's woes. To create positive signs it is important to resolve the issues like blocked taxes and refund of GST, and exchange rate related concerns to bring back the apparel export and manufacturing sector in a strong growth path. 2017 turned out to be a mixed blessing for the textile segment. While initiatives were implemented for power loom units and weavers, the much-awaited new National Textiles Policy is yet to be announced.

PERFORMANCE

KPR could achieve a total revenue of over Rs.3000 Crores with the Garment revenue alone crossing Rs.1000 Crores level. This could be made possible even in a challenging time for India's textile and garment industry caused by the initial hiccups of GST. The strategic and timely plans of KPR in expanding its value added segments have started contributing to the performance. But for the volatility in Cotton prices with unmatched yarn realisation, the performance could have been much better.

INTERNAL CONTROL

Internal controls are policies & procedures put in place to ensure the continued reliability of accounting & financial systems, compliance, security and efficiency. Internal controls are effectively a set of checks and balances that are critical to any business. Adequate internal controls can reduce the risk and help decision making in the best interest of the organization. Our Internal control System is fully equipped with necessary checks and balances ensuring that the transactions are adequately authorized and reported correctly. The Internal Auditor conducts regular Audits of various departments and Units to ensure that necessary controls are in place.

The Audit Committee while reviewing the system and the Internal Audit Report, call for comments of Auditors on internal control systems and discuss any related issues with the Auditors and the Management of the company before submission to the Board. The independent Directors also satisfy themselves on the integrity of financial information and ensure that financial controls including

Signature controls, Budget Controls, Data control and systems of risk management are in place. The systems and procedures documented by way of Manual were perused by the Board of Directors.

EMPLOYEE WELFARE - Employees excel in Education too.

Spinning a success story in women's education, KPR is a cut above the rest for its employee-friendly approach. Thus female workers grabbed the opportunity to do their higher education through the Tamil Nadu Open University. Interestingly, supported by the best coaching from the special teachers appointed by KPR, the female workers brought glory with their exemplary performance in the education too. It is a matter of great pride for 162 female workers to get their degrees at the convocation held during the year. Out of them 15 were rank holders and we are proud that some of them received Gold Medals from Governor of Tamilnadu during the convocation. Beyond helping the downtrodden female fraternity from villages to become economically self sufficient by providing employment opportunity with impeccable welfare facilities, they are further empowered with value addition through Higher education and vocational training.

RISKS AND THREATS

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

1. Availability of cotton, the major raw material.

Cotton plays an important role in the Indian economy as the country's textile industry is predominantly cotton based. Cotton crop is grown in about 70 countries across the world. India commands highest share globally (36%) in terms of area under cultivation and accounting for one-fourth of the global cotton production. As India is a major cotton exporter, carrying surplus stocks over consumption, the availability of sufficient cotton may not be an issue.

2. Labour Shortage

Shortage of skilled Labour continues to be one of the key concerns for the Indian Textile industry. Whereas through its well acclaimed labour practices KPR is able to source the required labour. Realising the necessity the Government has also initiated labour friendly reforms which may ease the situation.

3. Forex Fluctuation

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

4. Stiff competition from low cost Countries enjoying duty concessions

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

5. Global Economic Trend

Aggregate growth in emerging market and developing economies is projected to firm further, with continued strong growth in emerging Asia and Europe. Consumers' affinity towards fashion, brands and organized retailing is increasing, which is helping the consumption growth of all products, including textile and apparel. With the growth of aspiring middle class, favorable demographics, changing lifestyles, share of organized markets and high potential for penetrating non-urban metro markets the Indian textile & apparel Industry is hopeful of the industry's growth in FY 2018-19. Outlook report projects that advanced economies as a group will continue to expand above their potential growth rates this year and next .

ROAD AHEAD

The Indian economy is set to revert to its trend growth rate of 7.5 percent in the coming years as it bottoms out from the impact of the Goods and Services Tax (GST) and demonetization, a new World Bank report says. The garment market in India has a probability of growing at a CAGR of 11.8% to attain US$ 180 billion by the year 2020. Increased penetration of Retail Sector, High Income of Middle class segments, Development of infrastructure, Favourable Government policies, Abundant raw materials availability, comparative advantage in terms of skilled manpower and in cost of Production are some of the major favourable factors ensuring the bright prospects for the Sector.

By Order of the Board of Directors

Coimbatore
30.04.2018

K.P. Ramasamy
Chairman

BUSINESS RESPONSIBILITY REPORT
SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	:	**L17111TZ2003PLC010518**
2. Name of the Company	:	**K.P.R. Mill Limited**
3. Registered Office Address	:	**No. 9 Gokul Buildings, Ist Floor, A K S Nagar, Thadagam Road, Coimbatore – 641001, Tamilnadu.**
4. Website	:	**www.kprmilllimited.com**
5. E-mail id	:	**kandaswamy@kprmill.com**
6. Financial Year reported	:	**2017-18**

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

   a) Yarn (17121) b) Fabric (17115) c) Garment (18101)

8. List three key products/services that the Company manufactures / provides (as in balance sheet)

   a) Yarn b) Fabric c) Garment

9. Total number of locations where business activity is undertaken by the Company

   (a) Number of International Locations - **NIL**
   (b) Number of National Locations - **12**

10. Markets served by the Company –

Local	State	National	International
√	√	√	√

SECTION B: FINANCIAL DETAILS OF THE COMPANY (₹ in Lakhs)

1. Paid up Capital (INR) – 3,695 /-
2. Total Turnover (INR) – 2,51,152 /-
3. Total profit after taxes (INR) – 22,497 /-
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) - 2.14 %
5. List of activities in which expenditure in 4 above has been incurred :-
   Promotion of Education

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

   YES. It has four Subsidiary Companies (i) **K.P.R. Sugar Mill Limited**, (ii) **Quantum Knits PVT. Limited**, (iii) **Jahnvi Motor Private Limited** (iv) **Galaxy Knits Limited.**

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) - **NO**

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] - **NO**

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR –

   (a) Details of the Director / Director responsible for implementation of the BR policy / policies

   1. DIN Number : 07228760
   2. Name : Mr. P. SELVAKUMAR
   3. Designation : Whole Time Director

   (b) Details of the BR head

Particulars	Details
DIN Number (if applicable)	07228760
Name	Mr. P. SELVAKUMAR
Designation	Whole Time Director
Telephone number	9865254203
e-mail id	selvakumar@kprmill.com

2. **Principle-wise (as per NVGs) BR Policy/policies**

LIST OF PRINCIPLES

No.	Principles
P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Policies are prepared ensuring adherence to applicable laws and internal standards of the company								
4	Has the policy being approved by the Board? if yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	http://www.kprmilllimited.com/policy_one_result.jsp?category_id=16								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy have been communicated to all relevant stakeholders wherever required								
8	Does the company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Such evaluation will be considered at appropriate time.								

(b) If answer to the question at serial no. 1 against any principle is 'No', please explain why : (Tick up to 2 options) **- 'Not Applicable'**

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

Assessed annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes it as a part of the Annual Report

SECTION E : PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company?

   The Company has a well-defined code of conduct applicable to Directors and Employees..

   Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

   Yes applicable to Group Companies/ Subsidiaries.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

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

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   All our Factories are approved by Pollution Control Board which ensures environmental compliances. Our Arasur Garment factory has been ranked as 'Eco-Friendly' by a reputed International Brand. Besides, we hold certificates such as WRAP, GOTS, OEKO-TEX, ISO 14001:2007, ISO 9001:2008, ISO 18001:2004, SA 8000:2014 etc., relating to the social or environmental concerns.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

We produce cotton based textile products, which is eco-friendly and does not pollute environment and saves water and energy. We continuously adopt energy saving measures in our production process which enables minimal resources utilization.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

As our products are cotton based, it would enable reduced usage of energy & water by the consumers also.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes. We have procedures in place. Our major input is cotton. We buy cotton and produce Cotton Yarn / Fabric / Garment and supply to various Buyers including overseas Customers.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. We procure goods and services from local & small producers, including communities surrounding the place of work, if the quality of goods supplied by them suits our quality parameters. We encourage them to improve the quality of the products that leads to improving their capacity and capability.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as ‹5%, 5-10%, ›10%). Also, provide details thereof, in about 50 words or so.

   The Company has installed an Advanced Water Treatment Technology from ITALY in the Processing Unit which takes care of the effluent treatment norms and facilitates reuse of waste water up to 95%.

The advanced technology of cold processing adopted at the 'State of the Art' Processing Unit II reduces the water consumption by 30% and eliminates the usage of Salt completely.

We have Bio – Gas Generation facility that reduces the usage of LPG.

We also have Waste water recycling process across all our units which reduces the water consumption around 25%

Principle 3

1. Please indicate the Total number of employees - **13424**
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis. – **Nil**
3. Please indicate the Number of permanent women employees. **- 10868**
4. Please indicate the Number of permanent employees with disabilities – **Nil**
5. Do you have an employee association that is recognized by management?

   Each unit has various workers' committees taking care of their requirements.
6. What percentage of your permanent employees is members of this recognized employee association? – **NA**
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year – **Nil**
8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

   (a) Permanent Employees **– 100%**
   (b) Permanent Women Employees **– 100%**
   (c) Casual / Temporary / Contractual Employees **- NA**
   (d) Employees with Disabilities **- NA**

Principle 4

1. Has the company mapped its internal and external stakeholders? **YES**
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? – **YES**
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   Towards this initiative, we recruit employees from the downtrodden villages. We provide trendsetter employee welfare facilities, besides nutritious food, hygienic and comfortable living & working conditions, entertainment etc. In order to add value to their livelihood, the Company is providing higher education and vocational training facilities to them. The employees are also making best use of them. This initiative helps them in a big way by making them independent both economically and socially.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

   YES. Extended to the Group.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? **- NIL**

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

   Yes, it extends to the group.
2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc?

   Yes, the Company's initiatives towards making the production process 'eco-friendly', wherever possible, has secured certifications such as,

   i. ISO - 14001 : 2004 Certifications for Environment Management Systems.

   ii. OEKO-TEX – for environment friendly operations

   iii. Global Organic Textile Standard (GOTS) – for organic cotton products.

   iv. SA 8000: 2014 for Social Accountability Management Systems.

   Towards augmenting green cover, the Company has planted more than one lakh saplings in the villages.
3. Does the company identify and assess potential environmental risks? **YES**
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? - **NO**.
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.. If yes, please give hyperlink for web page etc.

   Yes, in an effort to generate power in eco-friendly ways the Company has installed windmills at Theni, Tirunelveli, Tenkasi and Coimbatore districts in India. It takes care of most of our power requirement.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? - **YES**

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. **NIL**

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with :

   A. CONFEDERATION OF INDIAN INDUSTRY
   B. THE COTTON TEXTILES EXPORT PROMOTION COUNCIL
   C. THE SOUTHERN INDIA MILLS ASSOCIATION
   D. TAMILNADU SPINNING MILL ASSOCIATION
   E. TIRUPUR EXPORTERS ASSOCIATION
   F. INDIAN WIND POWER ASSOCIATION

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   YES, wherever required we advocated for the improvement of export policies, economic reforms etc., through the associations.

Principle 8

1. Does the company have specified programs / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

   Our CSR policy and the human value adding labour practices take care of this.

   The key areas of CSR activities are;

   A. Promotion of Education
   B. Environmental and livelihood
   C. Social Empowerment
   D. Rural Development

   Our extension of higher education facilities that has tie - up with reputed universities and vocational training empower our employees with financial & social strength. It would also have positive impact on their family and the village they belong that would support the inclusive growth and equitable development. Extensive coverage on this is furnished in the Reports of Directors & MDAR forming part of the Annual Report.

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

   Our CSR activities are implemented through in-house and Charitable Trust.

3. Have you done any impact assessment of your initiative? **YES**

4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

   During the year, the Company has spent ₹ 481.75 lakhs towards CSR activities. The details are furnished in the CSR Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Yes, securing ranks & gold medals in the government examinations and employment opportunities in the Government Departments, by availing our higher education and vocational training facility itself reflects the success of our initiative. As mentioned earlier it elevates the standard of the employee as well as their family and the village they belong. So far, more than 21,000 employees are benefitted by availing higher education & vocational training facilities extended to them. On an average, every year over 3000 employees are availing the aforesaid facilities.

Principle 9

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.

   No Case is Pending.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

   YES

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   NO

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   YES

INDEPENDENT AUDITORS' REPORT

Independent Auditor's Report
To the Members of K.P.R. Mill Limited on the standalone Ind AS financial statements

As of and for the year ended March 31, 2018

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of K.P.R. Mill Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other Matters

The standalone Ind AS financial statements of the Company for the year ended March 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on May 3, 2017. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts;

(d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;

(e) on the basis of the written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note 33 to the standalone Ind AS financial statements;

(ii) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) the disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited standalone Ind AS financial statements for the year ended March 31, 2017 have been disclosed.

for **BSR & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Place: Coimbatore
Date: April 30, 2018

S. Sethuraman
Partner
Membership Number : 203491

INDEPENDENT AUDITORS' REPORT

Annexure A to the Independent Auditor's Report
To the Members of K.P.R. Mill Limited on the standalone Ind AS financial statements

As of and for the year ended March 31, 2018

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment were verified during the year and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company as at the balance sheet date except the following :

Particulars	Amount * (₹ in lakhs)	Remarks
Freehold land located at Kittampalayam and Thirunelveli admeasuring 19 acres and 8 acres respectively	66.76	The title deeds are in the name of K.P.R. Spinning Mills Private Limited, erstwhile Company that was merged with the Company under section 391 to 394 of the Companies Act, 1956 in terms of the approval of Honourable High Court(s) of judicature.
Freehold land located at Arasur, Pogampatti, Thenkasi, Thirunelveli admeasuring 40.65 acres, 18.20 acres, 57.63 acres and 6 acres respectively.	64.47	The title deeds are in the name of K.P.R. Mill Private Limited, erstwhile Company that was merged with the Company under section 391 to 394 of the Companies Act, 1956 in terms of the approval of Honourable High Court(s) of judicature.
Freehold land located at Thirunelveli admeasuring 2 acres	9.61	The title deeds are in the name of K.P.R. Knits, erstwhile Company that was out-right purchase.

* represents gross and net carrying amounts as at March 31, 2018

Immovable properties whose title deeds have been charged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.

(ii) The inventory, except goods in transit and certain stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) The Company has granted unsecured loan to a company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the company listed in the register maintained under section 189 of the Act was not, prima facie, prejudicial to the interest of the Company.

(b) In the case of the loan granted to a company covered in the register maintained under section 189 of the Act, the borrower has been regular in the payment of interest as stipulated. As per the terms of the arrangement, there was no repayment schedule for the principal amount.

(c) There are no overdue amounts in respect of the loan granted to a company covered in the register maintained under section 189 of the Act

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans given, investments made and, guarantees and securities given, as applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits covered under section 73 to 76 or any other relevant provisions of the Act. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of such records

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

INDEPENDENT AUDITORS' REPORT

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, goods and service tax, value added tax, duty of customs, excise duty, cess and other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, goods and service tax, value added tax, duty of customs and excise duty which have not been deposited with the appropriate authorities on account of any disputes other than the following dues:

Name of Statute	Nature of Dues	Amount Involved (₹ in Lakhs)	Period to which Amount Relates	Forum Where Pending
Income Tax Act, 1961	Income Tax	2.48	2014-15	Commissioner of Income Tax (Appeals), Coimbatore.
Central Excise Act, 1944	Excise Duty	3.82	2005-06	Customs, Excise and Service Tax Appellate Tribunal, Chennai

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any loan or borrowing dues to financial institutions, debenture holders or government during the year.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans raised by the Company have been applied for the purpose for which they were raised.

(x) According to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations give to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals as per the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such related party transactions have been disclosed in the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

for **BSR & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Place: Coimbatore
Date: April 30, 2018

S. Sethuraman
Partner
Membership Number:203491

INDEPENDENT AUDITORS' REPORT

Annexure B to the Independent Auditor's Report
To the Members of K.P.R. Mill Limited on the standalone Ind AS financial statements

As of and for the year ended March 31, 2018

Report on the Internal Financial Controls with reference to financial statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013("the Act")

We have audited the internal financial controls with reference to financial statements of K.P.R. Mill Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind-AS 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 with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal financial controls with reference to financial statements

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of un authorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal

INDEPENDENT AUDITORS' REPORT

financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March31, 2018, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for **BSR & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Place: Coimbatore
Date: April 30, 2018

S. Sethuraman
Partner
Membership Number : 203491

BALANCE SHEET AS AT 31.03.2018

(₹ in Lakhs)

		Note	As at 31.03.2018	As at 31.03.2017
	ASSETS			
(1)	**Non-current assets**			
	(a) Property, Plant & Equipment	4	86,436	91,553
	(b) Capital Work-in-Progress	4	10	208
	(c) Other Intangible Assets	4	18	46
	(d) Financial Assets			
	(i) Investments	5	7,851	8,829
	(ii) Loans	6	826	776
	(e) Other Non - Current Assets	7	6,460	7,285
	Total Non - Current Assets		**1,01,601**	1,08,697
(2)	**Current Assets**			
	(a) Inventories	8	39,134	30,668
	(b) Financial Assets			
	(i) Investments	9	1,202	-
	(ii) Trade Receivables	10	32,419	21,338
	(iii) Cash and Cash Equivalents	11	1,641	1,981
	(iv) Other Bank Balances	12	1,100	827
	(v) Other Financial Assets	13	4,196	5,088
	(c) Other Current Assets	14	11,744	11,426
	Total Current Assets		**91,436**	71,328
	Total Assets		**1,93,037**	1,80,025
	EQUITY AND LIABILITIES			
(1)	**Equity**			
	(a) Equity Share Capital	15	3,695	3,695
	(b) Other Equity	16	1,29,977	1,08,111
	Total Equity		**1,33,672**	1,11,806
(2)	**Non - Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	17	10,126	11,196
	(b) Deferred Tax Liabilities (Net)	18	5,750	5,554
	Total Non - Current Liabilities		**15,876**	16,750
(3)	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	19	22,822	30,750
	(ii) Trade Payables	20	13,749	11,367
	(iii) Other Financial Liabilities	21	3,150	8,784
	(b) Other Current Liabilities	22	3,762	159
	(c) Current Tax Liabilities (Net)	23	6	409
	Total Current Liabilities		**43,489**	51,469
	Total Liabilities		**59,365**	68,219
	Total Equity and Liabilities		**1,93,037**	1,80,025

Significant accounting policies 3

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

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

For and on behalf of the Board of Directors of
K.P.R. Mill Limited
CIN : L17111TZ2003PLC010518

K.P. Ramasamy
Chairman
DIN : 00003736

KPD Sigamani
Managing Director
DIN : 00003744

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

S. Sethuraman
Partner
Membership No. : 203491

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Place : Coimbatore
Date : 30.04.2018

Place : Coimbatore
Date : 30.04.2018

STATEMENT OF PROFIT & LOSS

(₹ in Lakhs)

	Notes	Year Ended	
		31.03.2018	31.03.2017
I. Revenue from operations	24	2,51,152	2,21,914
II. Other income	25	1,507	2,712
III. Total revenue (I+II)		**2,52,659**	**2,24,626**
IV. Expenses			
Cost of materials consumed	26	1,64,709	1,39,848
Changes in inventories of finished goods and work-in-progress	27	(4,513)	(3,614)
Employee benefits expense	28	23,305	19,413
Finance costs	29	3,049	4,503
Depreciation and amortisation expenses	4	10,497	11,743
Other expenses	30	24,656	21,702
V. Total expenses		**2,21,703**	**1,93,595**
VI. Profit before tax (III-V)		**30,956**	**31,031**
VII. Tax expenses			
Current tax			
- Pertaining to current year		8,050	7,668
- Pertaining to prior year		213	(166)
Deferred tax		196	(313)
Income tax expense		**8,459**	**7,189**
VIII. Profit for the year (VI-VII)		**22,497**	**23,842**
Other comprehensive income			
Item that will not be reclassified to profit or loss :			
Remeasurement of defined benefit (liability) / asset		46	22
Income tax relating to item that will not be reclassified to profit or loss		(16)	(7)
IX. Net other comprehensive income not to be reclassified subsequently to profit or loss		**30**	**15**
X. Total comprehensive income for the year (VIII+IX)		**22,527**	**23,857**
Earnings per equity share (EPS)			
Basic and diluted EPS (in ₹)	38	**30.44**	**31.71**

Significant accounting policies 3

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

For and on behalf of the Board of Directors of

K.P.R. Mill Limited

CIN : L17111TZ2003PLC010518

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022

K.P. Ramasamy
Chairman
DIN : 00003736

KPD Sigamani
Managing Director
DIN : 00003744

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

S. Sethuraman
Partner
Membership No. : 203491

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Place : Coimbatore
Date : 30.04.2018

Place : Coimbatore
Date : 30.04.2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018

(₹ in Lakhs)

PARTICULARS		Year Ended 31.03.2018	Year Ended 31.03.2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year		**22,497**	23,842
Adjustments for:			
Income tax expenses recognised in the Statement of Profit and Loss		8,459	7,189
Depreciation and Amortisation Expense		10,497	11,743
Net Gain on Sale of Property, Plant and Equipment		(30)	(3)
Finance Costs		3,049	4,503
Interest Income		(232)	(268)
Dividend Income from Subsidiary		(26)	(26)
Net Gain on Financial Assets designated at FVTPL		(116)	(143)
Rental Income from Operating Leases		(227)	(237)
Impairment Loss on Financial Assets		5	16
Change in Fair Value of Investments		(2)	-
Operating profit before working capital changes		**43,874**	46,616
Changes in Working Capital:			
Adjustments for (Increase) / Decrease in Operating Assets:			
Inventories		(8,466)	(4,036)
Trade Receivables		(11,086)	4,702
Other Current Assets		(286)	(2,539)
Other Non-Current Assets		(338)	271
Other Financial Assets		906	(1,824)
Adjustments for Increase / (Decrease) in Operating Liabilities:			
Trade Payables		3,390	2,915
Other Financial Liabilities		3,436	257
Cash Generated from Operations		**31,430**	46,362
Net Income Tax (paid)		(8,666)	(7,147)
Net Cash Generated from Operating Activities	**(A)**	**22,764**	39,215
CASH FLOW FROM INVESTING ACTIVITIES			
Capital Expenditure on Property, Plant and Equipment, including Capital Advances		(4,049)	(13,401)
Investment in Liquid Funds		(1,200)	-
Redemption / Maturity of Margin Deposit Accounts		(275)	564
Proceeds from Sale of Property, Plant and Equipment		88	82
Purchase / Proceeds from Sale of Non-Current Investments		(30)	(1,023)
Income from Investments		116	52
Interest received from:			
- Subsidiaries		79	56
- Others		139	254
Dividend received from Subsidiary		26	26
Rental Income received from Operating Leases		227	237
Net Cash Flow used in Investing Activities	**(B)**	**(4,879)**	(13,153)

(₹in Lakhs)

PARTICULARS		Year Ended 31.03.2018	Year Ended 31.03.2017
CASH FLOW FROM FINANCING ACTIVITIES			
Payment for buyback of shares		-	(9,702)
Repayment of loans by related party		(50)	32
Proceeds from long-term borrowings		604	9,387
Repayment of long-term borrowings		(7,135)	(9,396)
Net increase / (decrease) in working capital borrowings		(7,928)	(9,896)
Finance costs paid		(3,055)	(4,459)
Dividends paid		(554)	(437)
Tax on dividend paid		(107)	(77)
Net cash flow used in financing activities	**(C)**	**(18,225)**	(24,548)
Net increase in cash and cash equivalents	**(A+B+C)**	**(340)**	1,514
Add: opening cash and cash equivalents		1,981	467
Closing cash and cash equivalents (refer Note 11)		**1,641**	1,981
Closing cash and cash equivalents comprises			
(a) Cash on hand		11	19
(b) Balance with banks:			
i) In Current accounts		513	651
ii) In EEFC accounts		1,117	1,311
		1,641	1,981

Significant accounting policies 3

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

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

For and on behalf of the Board of Directors of
K.P.R. Mill Limited
CIN : L17111TZ2003PLC010518

K.P. Ramasamy
Chairman
DIN : 00003736

KPD Sigamani
Managing Director
DIN : 00003744

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

S. Sethuraman
Partner
Membership No. : 203491

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Place : Coimbatore
Date : 30.04.2018

Place : Coimbatore
Date : 30.04.2018

CHANGES IN EQUITY

a. Equity share capital

	Notes	(₹ in Lakhs)
Balance as at 01.04.2016		3,768
Less: Buyback of Equity Shares	15	73
Balance as at 31.03.2017		3,695
Changes during the year	15	-
Balance as at 31.03.2018		**3,695**

b. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other comprehensive income	Total Other Equity
	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Remeasurement of defined benefit plans	
Balance as at 01.04.2016	15,233	1,500	21,204	56,400	-	94,337
Profit for the year	-	-	-	23,842	-	23,842
Other Comprehensive Income (net of tax)	-	-	-	-	15	15
Transfer from Retained Earnings	-	73	2,386	-	-	2,459
Transfer to Retained Earnings	-	-	-	15	(15)	-
Transfer to Capital Redemption Reserve	-	-	-	(73)	-	(73)
Premium on Buyback of Equity Shares	-	-	-	(9,629)	-	(9,629)
Transfer to General Reserve	-	-	-	(2,386)	-	(2,386)
Final Dividend relating to 2015-16 paid (₹ 0.50 per share)	-	-	-	(377)	-	(377)
Tax on Dividend	-	-	-	(77)	-	(77)
Balance as at 31.03.2017	**15,233**	**1,573**	**23,590**	**67,715**	**-**	**1,08,111**
Profit for the year	-	-	-	22,497	-	22,497
Transfer from retained earnings	-	-	1,126	-	-	1,126
Other Comprehensive Income (net of tax)	-	-	-	-	30	30
Transfer to General Reserve	-	-	-	(1,126)	-	(1,126)
Transfer to Retained Earnings	-	-	-	30	(30)	-
Final Dividend relating to 2016-17 paid (₹ 0.75 per share)	-	-	-	(554)	-	(554)
Tax on Dividend	-	-	-	(107)	-	(107)
Balance as at 31.03.2018	**15,233**	**1,573**	**24,716**	**88,455**	**-**	**1,29,977**

Significant accounting policies 3
The notes referred to above form an integral part of the standalone financial statements

For and on behalf of the Board of Directors of
K.P.R. Mill Limited
CIN : L17111TZ2003PLC010518

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

K.P. Ramasamy
Chairman
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DIN : 00229137

S. Sethuraman
Partner
Membership No. : 203491

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Place : Coimbatore
Date : 30.04.2018

Place : Coimbatore
Date : 30.04.2018

ACCOUNTING POLICIES

1. CORPORATE INFORMATION

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

The Company's shares are listed in BSE LTD (BSE) and National Stock Exchange of India Ltd (NSE).

2. BASIS OF PREPARATION

A STATEMENT OF COMPLIANCE

These standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the requirements prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

These standalone financial statements for the year ended March 31, 2018 (including comparatives) are authorised by the Board on April 30, 2018.

Details of the Company's accounting policies are included in Note 3.

B FUNCTIONAL AND PRESENTATION CURRENCY

These standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All financial information has been rounded-off to the nearest lakhs, unless otherwise indicated.

C BASIS OF MEASUREMENT

These standalone financial statements have been prepared on a historical cost basis and on an accrual basis, except for the following items:

i. Derivative financial instruments measured at fair value through profit and loss;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments) and

iii. Net defined (asset) / liability measured at fair value & plan assets less present value of obligations.

D USE OF ESTIMATES AND JUDGEMENT

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties:

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is mentioned below. Actual results may be different from these estimates.

(i) Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, careful judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues. (also refer Note 18)

(ii) Impairment of non-financial assets:

In assessing impairment, management has estimated economic use of assets, the recoverable amount of each asset or cash- generating units based on expected future cash flows and use an interest rate to discount them. Estimation of uncertainty relates to assumptions about future operating cash flows and determination of a suitable discount rate. (also refer Note 3)

(iii) Useful lives of depreciable assets:

Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on expected utility of assets. Uncertainties in these estimates relate to technological obsolescence that may change utility of assets (also refer Note 3).

(iv) Inventories:

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes (also refer Note 3).

(v) Defined benefit obligation (DBO):

The actuarial valuation of the DBO is based on a number of critical underlying management's assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (also refer Note 41)

(vi) Recognition and measurement of provisions and contingencies:

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

(vii) Impairment of financial assets - refer Note 3

E MEASUREMENT OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. The inputs used to measure the fair value of assets or a liability fall into different levels of the fair value hierarchy. Accordingly, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the low level input that is significant to the entire measurement.

Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on its assumptions on observable data as far as possible but where it not available, the management uses the best information available. Estimated fair values may vary

from the actual prices that would be achieved in an arm's length transaction at the reporting date (also refer Note 36). The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

F CURRENT AND NON-CURRENT CLASSIFICATION

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A INVENTORIES

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The comparison of cost and net realisable value is made on an item by item basis. The cost of raw materials, components, consumable stores and spare parts are determined using first-in first-out / specific identification method. and includes freight, taxes and duties, net of duty credits wherever applicable, and any other expense incurred in bringing them to their present location and condition. Work-in-progress and finished goods include conversion costs in addition to the landed cost of raw materials. Finished goods, including stock in trade and work-in-progress are valued at lower of cost and net realisable value. Cost includes all direct costs including excise duty and applicable manufacturing overheads incurred in bringing them to their present location and condition.

B CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an

ACCOUNTING POLICIES

original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

C CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of three months or less.

D PROPERTY, PLANT AND EQUIPMENT

Recognition and Measurement:

Free hold land is stated at historical cost. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises:

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

b. any directly attributable cost of bringing the item to its working condition for its intended use estimated costs of dismantling and removing the item and restoring the site on which it is located.

c. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Any gain/ loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company.

Component Accounting

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation:

Depreciation is recognized on a straight-line basis, over useful life of buildings and other equipment as prescribed under Schedule II of Companies Act, 2013, except in respect of certain assets, where useful life is different from those prescribed under Schedule II. Freehold land is not depreciated.

Depreciation on property, plant and equipment is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

The estimated useful life of the property, plant and equipment followed by the Company is furnished below:

Factory Building	~	30 Years
Non Factory Building	~	60 Years
Plant & Equipments	~	10-20 Years
Electricals	~	14 Years
Computers & accessories	~	3 Years
Furniture's & fixtures	~	10 Years
Vehicles	~	8-10 Years
Windmill	~	12 Years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period.

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

Capital Work-in-Progress

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. They are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The estimated amount of intangible asset consisting software license is 3 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

E REVENUE RECOGNITION

Revenue from sale of goods is recognized when the significant risks and rewards of ownership is transferred. The Company has considered the detailed criteria for the recognition of revenue from the sale of goods and from rendering of services set out in Ind AS 18 "Revenue" and in particular transfer of risks and rewards of ownership of the goods and flow of economic benefits associated with the transaction. Revenue from sales is stated net of discounts, rebates and taxes.

Revenue from sale of services is recognised when related services are rendered.

F OTHER INCOME

Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists.

Rental income under operating leases is recognized in the statement of profit and loss on a straight line basis over the term of the lease except where such receipts are structured to increase in line with the expected general inflation to compensate for the Company's (lessor) expected inflationary costs increases.

Interest income is recognised using effective interest rate method. Interest income on overdue receivables is recognized only when there is a certainty of receipt.

Export incentives are accounted in the year of exports based on eligibility and expected amount on realisation.

G FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in other comprehensive income :

- equity investments at fair value through other comprehensive income
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective ; and
- qualifying cash flow hedges to the extent that the hedges are effective.

H FINANCIAL INSTRUMENTS

(i) Initial Recognition

Trade receivables are initially recognised when they are originated.

All other financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

The 'trade payable' is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction and services availed value if the transaction do not contain significant financing component.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

(ii) Classification and Subsequent Measurement

a) Non-Derivative Financial Assets

Financial Assets at Amortised Cost

A financial asset shall be measured at amortised cost if both of the following conditions are met and is not designated as at FVTPL :

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

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt Instruments at FVTOCI

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met and is not designated as at FVTPL:

(a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Equity Instruments at FVTOCI

All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.

Financial Assets at FVTPL

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b) Non-Derivative financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative Financial Instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities and forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank. Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit and loss.

I GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES

Government grants are recognised when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in statement of profit and loss as other operating revenue / other income on a systematic basis. Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate and presented in other operating income. Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

J INVESTMENTS

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

Investment in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of investment is assessed and written down immediately to its recoverable amount.

K EMPLOYEE BENEFITS

(a) Short Term

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

ACCOUNTING POLICIES

(b) Long Term Post Employment

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

i) Provident Fund & Employee State Insurance

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

ii) Gratuity Fund

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

L BORROWING COSTS

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

M SEGMENT REPORTING

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

N LEASE

Determining whether an arrangement contains a lease

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

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

Assets held under Leases

i. Assets Leased Out

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

ii. Assets taken on lease

As per the terms of lease agreements there is no substantial transfer of risk and reward of the property to the Company and hence such leases are treated as operating lease. The payments on operating lease are recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases. Associated costs, such as maintenance and insurance, are expensed.

Lease Payments

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

O EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

P INCOME TAXES

Income tax expense represents current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax liabilities and current tax assets are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by same tax authority on same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or its tax assets and liabilities will be realised simultaneously.

iii) Recognition

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Q IMPAIRMENT

Impairment of Financial Instruments

The Company recognises loss allowance for expected credit loss on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are credit losses that result from all possible default events over expected life of financial instrument. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. The Company assumes that credit risk on a financial asset has increased significantly if it is past due.

The Company considers a financial asset to be in default when:

- the recipient is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-Off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of Non-Financial Assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine recoverable amount. Such a reversal is made only to an extent that asset's carrying amount does not exceed carrying amount that would have been determined, net of depreciation/ amortisation, if no impairment loss was recognised.

R PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions:

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingent Liabilities:

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability.

Contingent Assets:

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

NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standard - Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 on Revenue, Ind AS 11 on Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. This standard is effective from annual periods beginning on or after April 1, 2018 and will be applied accordingly. In this regard, the Company is in process of carrying out assessment of potential impact on adoption of Ind AS 115 on accounting policies followed and accordingly impact on its standalone financial statements on initial application of this standard is not reasonably estimable at present.

Amendment to existing standard - Ind AS 21 – The effect of changes in Foreign Exchange rates.

The amendment to Ind AS 21 clarifies on accounting of transactions that include receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. In this regard, the Company is in the process of carrying out its assessment of potential impact on adoption of this amendment on accounting policies followed in its standalone financial statements

4. Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Property, Plant & Equipment										Capital work-in-progress	Intangible assets (software license)
	Freehold Land	Factory Building	Non-factory Building	Plant and Equipment	Windmill	Electricals	Furniture and Fixture	Computers and accessories	Vehicles	Total		
Gross carrying amount												
As at 01.04.2016	**8,182**	**16,892**	**8,793**	**48,130**	**12,845**	**3,891**	**1,548**	**148**	**760**	**1,01,189**	**34**	**125**
Additions	328	1,925	455	10,442	-	496	261	128	78	14,113	2,800	4
Disposals / adjustments	-	-	(37)	(234)	-	(2)	(7)	(9)	(5)	(294)	(2,626)	-
As at 31.03.2017	8,510	18,817	9,211	58,338	12,845	4,385	1,802	267	833	1,15,008	208	129
Additions	8	1,011	409	2,950	-	325	488	108	108	5,407	1,696	4
Disposals / adjustments	-	-	-	(172)	-	(13)	(8)	(40)	(49)	(282)	(1,894)	-
As at 31.03.2018	**8,518**	**19,828**	**9,620**	**61,116**	**12,845**	**4,697**	**2,282**	**335**	**892**	**1,20,133**	**10**	**133**
Accumulated Depreciation												
As at 01.04.2016	**-**	**667**	**154**	**7,369**	**2,704**	**473**	**379**	**46**	**57**	**11,849**	**-**	**49**
Depreciation Expense	-	680	162	7,728	2,124	476	357	66	116	11,709	-	34
Disposals / adjustments	-	-	(3)	(82)	-	-	(5)	(8)	(5)	(103)	-	-
As at 31.03.2017	-	1,347	313	15,015	4,828	949	731	104	168	23,455	-	83
Depreciation Expense	-	754	167	7,194	1,377	516	257	76	124	10,465	-	32
Disposals / adjustments	-	-	-	(143)	-	(3)	(6)	(33)	(37)	(222)	-	-
As at 31.03.2018	**-**	**2,101**	**480**	**22,066**	**6,205**	**1,462**	**982**	**147**	**255**	**33,698**	**-**	**115**
Net carrying amount												
As at 31.03.2017	**8,510**	**17,470**	**8,898**	**43,323**	**8,017**	**3,436**	**1,071**	**163**	**665**	**91,553**	**208**	**46**
As at 31.03.2018	**8,518**	**17,727**	**9,140**	**39,050**	**6,640**	**3,235**	**1,300**	**188**	**637**	**86,435**	**10**	**18**

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
	FINANCIAL ASSETS		
5	**INVESTMENTS**		
	Investments measured at cost:		
	Unquoted (all fully paidup)		
	a) In Equity Instruments		
	i) Subsidiaries		
	1,00,000 (Pr. Yr. 1,00,000) equity shares of ₹ 10 each in Quantum Knits Private Limited.	10	10
	50,000 (Pr. Yr. 50,000) equity shares of ₹ 10 each in Galaxy Knits Limited.	5	5
	15,10,000 (Pr. Yr. 15,10,000) equity shares of ₹ 10 each in Jahnvi Motor Private Limited.	151	151
	4,16,666 (Pr. Yr. 4,16,666) equity shares of ₹ 10 each at a Premium of ₹ 20 each in Jahnvi Motor Private Limited.	125	125
	10,50,000 (Pr. Yr. 10,50,000) equity shares of ₹ 10 each at a Premium of ₹ 140 per share in K.P.R. Sugar Mill Limited.	1,575	1,575
	10,00,000 (Pr. Yr. 10,00,000) equity shares of ₹ 10 each in K.P.R.Sugar Mill Limited.	100	100
	ii) Other Entities		
	Nil (Pr.Yr. 1,00,84,629) Equity shares of ₹ 10 each of Ind Bharath Powergen Com Limited.	-	1,008
	2,10,000 (Pr.Yr. 1,80,000) Equity shares of ₹ 100 each of Somanur Water Scheme Pvt Ltd.	210	180
	b) Investment in Preference shares of subsidiary		
	37,83,000 (Pr.Yr. 37,83,000) 7% Optionally Convertible Non - Cumulative Redeemable Preference Shares of ₹ 10 each at a Premium of ₹ 140 per share in K.P.R.Sugar Mill Limited.	5,675	5,675
	Aggregate value of unquoted investments	**7,851**	8,829
6	**LOANS**		
	Unsecured and considered good		
	Loan to related party - M/s Jahnvi Motor Private Limited	826	776
		826	776
	The Company provided loan to its subsidiary which carries interest of 10% p.a. Repayment of loan is as per the agreement.		
7	**OTHER NON CURRENT ASSETS**		
	(i) **Capital Advances**	242	1,405
	(ii) **Advances other than Capital Advances**		
	Security deposits	1,505	1,163
	Balances with government authorities	31	31
	Advance to related party - (Refer Note 37)	4,347	4,347
	(iii) **Others**		
	Unamortised cost of leasehold land	335	339
		6,460	7,285

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
8	**INVENTORIES**		
	Raw materials	21,959	18,579
	Work-in-progress **	2,755	1,786
	Finished goods	11,085	7,541
	Stores, spares, packing and others	3,335	2,762
		39,134	30,668
	** Includes Cotton ₹ 2,082 lakhs (Pr. Yr. ₹ 1,595 lakhs), fabric ₹ 38 lakhs (Pr. Yr. ₹ 12 Lakhs) and garments ₹ 635 Lakhs (Pr. Yr. ₹ 179 Lakhs)		
	The mode of valuation of inventories has been stated in Note 3.		
	For the carrying value of inventories pledged as securities for borrowings, refer Note 17 & 19.		
	Average age of inventory is less than 90 days only.		
	FINANCIAL ASSETS		
9	**CURRENT INVESTMENTS**		
	Investments in mutual funds (unquoted) at Fair value through Profit and Loss		
	Reliance mutual fund (also refer Note 42)	1,202	-
		1,202	**-**
	Information about the Company's fair value measurement is included in Note 36		
	TRADE RECEIVABLES		
10	Trade receivables - outstanding for a period more than 6 months		
	- Unsecured, considered good	348	250
	- Doubtful	113	113
	Other trade receivables		
	- Unsecured, considered good	32,071	21,088
	- Doubtful	-	-
		32,532	21,451
	Allowance for credit loss	(113)	(113)
	Net Trade Receivables	**32,419**	21,338
	(i) For receivables secured against borrowings, refer Note 19.		
	(ii) The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Note 36.		
11	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	11	19
	Balance with banks		
	i) In current accounts	513	651
	ii) In EEFC accounts	1,117	1,311
		1,641	1,981

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
12	**OTHER BANK BALANCES**		
	i) Balance with banks held as margin money deposit	1,095	820
	ii) Unclaimed dividend accounts	5	7
		1,100	827

During the previous year, the Company had specified bank notes and other denomination notes. As defined in the MCA notification G.S.R. 308 (E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(in ₹)

Particulars	SBN	Other Notes	Total
Closing cash on hand as on 08.11.2016	61,57,500	83,734	62,41,234
Add : Permitted receipts	-	69,39,110	69,39,110
Less : Permitted payments	-	54,05,659	54,05,659
Less : Amount deposited in Banks	61,57,500	-	61,57,500
Closing cash on hand as on 30.12.2016	-	**16,17,185**	**16,17,185**

		As at 31.03.2018	As at 31.03.2017
13	**OTHER FINANCIAL ASSETS**		
	Interest accrued on bank deposits	94	80
	Export incentive receivable	2,253	960
	Technology Upgradation Fund subsidy receivable	105	161
	Investment Promotion Subsidy receivable	1,562	3,614
	Others	182	273
		4,196	5,088
14	**OTHER CURRENT ASSETS**		
	Advance for purchases	8,172	10,845
	Others (primarily prepaid expenses)	515	581
	Balances with government authorities - GST/ VAT credit receivable	3,057	-
		11,744	11,426
15	**SHARE CAPITAL**		
	a) Authorised		
	9,00,00,000 (Pr. Yr. 9,00,00,000) Equity shares of ₹ 5 each with voting rights	4,500	4,500
	10,00,000 (Pr. Yr. 10,00,000) 7% redeemable cumulative non-convertible preference shares of ₹ 100 each	1,000	1,000
		5,500	5,500
	b) Issued, subscribed and fully paid up		
	7,38,95,784 (Pr. Yr. 7,38,95,784) equity shares of ₹ 5 each fully paid-up with voting rights	3,695	3,695
		3,695	3,695

15.1 Term / Rights to Shares

Equity Shares

The Company has issued only one class of equity shares having a face value of ₹ 5 per share. The holder of each equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

The Board of Directors has recommended a final dividend of ₹ 0.75/- per share for the year 2017-18 (Pr. Yr. ₹ 0.75/- per share) subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after settling the dues of preferential shareholders and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

15.2 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares with voting rights	For the year ended 31.03.2018		For the year ended 31.03.2017	
Particulars	Number of shares	(₹ in Lakhs)	Number of shares	(₹ in Lakhs)
At the beginning of the year	7,38,95,784	3,695	7,53,65,784	3,768
Less: Buyback (Refer Note 46)	-	-	14,70,000	73
Outstanding at the end of the year	7,38,95,784	3,695	7,38,95,784	3,695

15.3 Details of shareholders holding more than 5% of shares in the Company

Equity Shares

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number of shares	%	Number of shares	%
Sri K.P. Ramasamy	1,59,50,000	21.58	1,59,50,000	21.58
Sri KPD. Sigamani	1,59,50,000	21.58	1,59,50,000	21.58
Sri P. Nataraj	1,59,50,000	21.58	1,59,50,000	21.58

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares as at the balance sheet date.

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
16	**OTHER EQUITY**		
	Securities Premium		
	Opening Balance	15,233	15,233
	Closing Balance (A)	**15,233**	15,233
	Balance in securities premium represents amount received on issue of shares in excess of par value.		
	Capital Redemption Reserve		
	Opening Balance	1,573	1,500
	Capital Redemption on Buyback (Refer Note 46)	-	73
	Closing Balance (B)	**1,573**	1,573
	Balance in capital redemption reserve represents amount created on extinguishment of share capital.		
	General Reserve		
	Opening Balance	23,590	21,204
	Add: Transfer from Surplus in the Statement of Profit and Loss	1,126	2,386
	Closing Balance (C)	**24,716**	23,590
	The General reserve is used from time to time to transfer profits from retained earnings for appropriation purpose. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.		
	Retained Earnings		
	Opening Balance	67,715	56,400
	Add: Profit for the year	22,497	23,842
	Add: Transfer from other comprehensive income	30	15
	Less:		
	Final Dividend for 2016-17 paid (₹ 0.75 per share)	554	377
	Tax on Dividend	107	77
	Premium on Buyback of Equity Shares (refer Note 46)	-	9,629
	Transferred to:		
	General Reserve	1,126	2,386
	Capital Redemption Reserve	-	73
	Closing Balance (D)	**88,455**	67,715
	Retained earnings represents profits generated and retained by the Company post distribution of dividends to the equity shareholders in the respective years. This reserve can be utilized for distribution of dividend by the Company considering the requirements of the Companies Act, 2013.		
	Total (A+B+C+D)	**1,29,977**	1,08,111

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
	NON CURRENT LIABILITIES		
	FINANCIAL LIABILITIES		
17	**BORROWINGS**		
	Term Loan		
	From Banks (secured)	11,801	18,332
	Less : Amount included under 'other Financial Liabilities' (refer Note 21)	(1,675)	(7,136)
		10,126	11,196

Information about the company's exposure to interest rate and liquidity risks is included in Note 36

17.1
i) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2018 was ₹ 1,537 lakhs. The loan is repayable in 24 quarterly installments commencing from September 2015. This term loan is secured by equitable mortgage on the land, factory and hostel building constructed out of the loan and hypothecation of machineries purchased out of the loan.

ii) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2018 was ₹ 274 lakhs. The loan is repayable in 24 quarterly installments commencing from April 2016. This term loan is secured by hypothecation of machineries purchased out of the loan.

iii) The Company has availed a term loan from Bank of Baroda in respect of which balance as at 31.03.2018 was ₹ 9,990 lakhs. The loan is repayable in 24 quarterly installments commencing from June 2018. This term loan is secured by exclusive charge on fixed assets acquired out of this loan and first charge on land and building situated at SIPCOT, Perundhurai.

17.2 Interest rate relating to term loans from banks are in the range of 8.60% to 11.25% per annum.

17.3 The Company has not defaulted in the repayment of principal and interest during the year.

18	**DEFERRED TAX**		
	Deferred Tax Liabilities	5,750	5,554
	Deferred Tax Assets	-	-
	Net Deferred Tax Liabilities	**5,750**	5,554
	For movement in Deferred Tax Liabilities (refer Note 32)		

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
	CURRENT LIABILITIES		
	FINANCIAL LIABILITIES		
19	**BORROWINGS**		
	From Banks:		
	Secured		
	Loans for Working Capital	1,580	16,433
	Packing Credit	21,242	14,317
		22,822	30,750

Information about the company's exposure to interest rate and liquidity risks is included in Note 36

19.1

i) Loans for working capital and packing credit are secured by pari passu first charge on the current assets of the Company and pari passu second charge on entire block of assets of the Company.

ii) The Company has not defaulted in its repayments of the loans and interest during the year.

iii) Interest rate relating to working capital loans are in the range of 7.30% to 11.85% per annum. Interest rates relating to USD packing credit are in the range of 1.80% to 2.15% per annum and interest rates relating to INR packing credit are in the range of 4.40% to 6.60% per annum.

		As at 31.03.2018	As at 31.03.2017
20	**TRADE PAYABLES**		
	(A) Total outstanding dues of micro and small enterprises	-	-
	(B) Total outstanding dues of creditors other than micro and small enterprises	13,749	11,367
		13,749	11,367
21	**OTHER FINANCIAL LIABILITIES**		
	Current maturities of long term borrowings (Refer Note 17)	1,675	7,136
	Unclaimed dividend	5	7
	Interest accrued	49	55
	Statutory dues payable	1,390	1,569
	Others	31	17
		3,150	8,784
22	**OTHER CURRENT LIABILITIES**		
	Advance payment from customers (related party - refer Note 37)	3,762	159
		3,762	159
23	**CURRENT TAX LIABILITIES (Net)**		
	Provision for tax (net of advance tax)	6	409
		6	409

NOTES

(₹in Lakhs)

		Year Ended	
		31.03.2018	31.03.2017
24	**REVENUE FROM OPERATIONS**		
	Sale of products	2,36,174	2,07,728
	Sale of services	7,126	8,634
	Other operating revenues	7,852	5,552
	Revenue from operations (gross)	**2,51,152**	2,21,914
24.1	**Sale of products**		
	Garment	59,729	31,584
	Yarn	1,32,632	1,21,046
	Fabric	34,746	47,776
	Cotton waste	9,067	7,322
		2,36,174	2,07,728
24.2	**Sale of services**		
	Processing and fabrication income	7,126	8,634
		7,126	8,634
24.3	**Other operating revenues**		
	Export incentives	5,579	5,059
	Others (primarily scrap sales)	2,273	493
		7,852	5,552
25	**OTHER INCOME**		
	Interest income on		
	Cash and bank balances	61	120
	Others	171	148
	Dividend income from long-term investments in subsidiaries	26	26
	Financial assets as FVTPL - net change in fair value		
	Mandatorily measured at FVTPL	2	-
	Gain on sale of investments (net)	116	52
	Investment Promotion Subsidy	951	1,990
	Net gain on sale of property, plant and equipment	30	3
	Miscellaneous income	150	373
		1,507	2,712
26	**COST OF MATERIALS CONSUMED**		
	a) Inventory of materials at the beginning of the year		
	Cotton	17,431	18,273
	Dyes and chemicals	147	224
	Yarn and fabric	1,001	516
		18,579	19,013
	b) Add: Purchases and production expenses		
	Cotton	1,22,203	1,11,131
	Dyes and chemicals	4,460	2,492
	Yarn, fabric, polyester and garments	31,645	20,167
	Production expenses	3,897	3,268
	Trims, packing and others (consumption)	5,884	2,356
		1,68,089	1,39,414
	c) Less : Inventory of materials at the end of the year		
	Cotton	16,910	17,431
	Dyes and chemicals	293	147
	Yarn and Fabric	4,756	1,001
		21,959	18,579
		1,64,709	1,39,848

(₹in Lakhs)

		Year Ended	
		31.03.2018	31.03.2017
27	**CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK - IN - PROGRESS**		
	a) Inventories at the beginning of the year		
	Finished goods	7,541	4,275
	Work-in-progress	1,786	1,438
		9,327	5,713
	b) Inventories at the end of the year		
	Finished goods	11,085	7,541
	Work-in-progress	2,755	1,786
		13,840	9,327
	Net (increase)	**(4,513)**	(3,614)
28	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages and bonus	20,454	16,800
	Contribution to provident and other funds	1,098	1,402
	Staff welfare expenses	1,753	1,211
		23,305	19,413
29	**FINANCE COSTS**		
	Interest expense on financial liabilities measured at amortised cost		
	Term loans	1,398	1,505
	Working capital loans	1,283	2,555
	Others	368	443
		3,049	4,503
30	**OTHER EXPENSES**		
	Manufacturing Expenses		
	Power and fuel	10,412	9,135
	Consumption of stores, spares and packing materials	2,269	1,916
	Repairs and Maintenance		
	Building	343	384
	Machinery	5,320	4,417
	Others	382	377
	Insurance	186	168
	Legal and professional charges	236	165
	Rent	85	88
	Rates and taxes	634	114
	Payment to auditors (refer Note 31)	15	9
	Travelling and conveyance	749	398
	Expenditure on Corporate Social Responsibility (CSR) (refer Note 35)	482	392
	Donations	335	325
	Impairment loss on financial assets	5	16
	General expenses	340	298
	Freight and forwarding	1,588	1,669
	Sales commission	1,221	1,257
	Other selling expenses	54	574
		24,656	21,702

31. PAYMENT TO AUDITORS

(₹ in Lakhs)

Particulars	2017-18	2016-17
Statutory audit fees	14	8
Expenses (incl. service tax)	1	1
Total	**15**	9

32. INCOME TAX

(₹ in Lakhs)

	Particulars	2017-18	2016-17
32.1	**Income tax recognised in Profit or Loss**		
	Current Tax		
	Current income tax charge	8,050	7,668
	Adjustment in respect of current income tax of prior years	213	(166)
		8,263	7,502
	Deferred Tax		
	In respect of current year	196	(313)
	Total	**8,459**	7,189

32.2 Income tax recognised in other comprehensive income

(₹ in Lakhs)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Amount	Tax (expense) / Benefit	Net of Tax	Amount	Tax (expense) / Benefit	Net of Tax
Remeasurements of defined benefit	46	(16)	30	22	(7)	15

32.3 Reconciliation with effective tax rate

The Income tax expense for the year can be reconciled to the accounting profit as follows (₹ in Lakhs)

Particulars	Effective Tax Rate		Amount	
	2017-18	2016-17	2017-18	2016-17
Profit before tax			30,956	31,031
Tax using the Company's domestic tax rate	34.61%	34.61%	10,713	10,739
Effect of deductions under Chapter VI-A of the Income Tax Act, 1961	(11.07%)	(10.68%)	(3,427)	(3,313)
Effect of non-deductible expenses and others	3.10%	(0.23%)	960	(71)
	26.64%	23.70%	8,246	7,355
Adjustments recognised in the current year in relation to the current tax of prior years	0.69%	(0.53%)	213	(166)
Income tax recognised in profit or loss	**27.33%**	23.17%	**8,459**	7,189

32.4 Movement In Deferred Tax Liabilities :

(₹ in Lakhs)

Particulars	Balance as at 01.04.2016	Recognised in P&L during 2016-17	Recognised in OCI during 2016-17	Balance as at 31.03.2017	Recognised in P&L during 2017-18	Recognised in OCI during 2017-18	Balance as at 31.03.2018
Property, plant and equipment	5,855	(320)	-	5,535	180	-	5,715
Employee benefits payable	12	-	7	19	-	16	35
Total	**5,867**	**(320)**	**7**	**5,554**	**180**	**16**	**5,750**

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

I. Contingent Liabilities

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
(a) Claims against the Company not acknowledged as debts #		
(i) Demand Notice from Indian Bank towards prepayment charges. The same has been contested in writ filed before the High Court of Judicature at Madras which has restrained Indian Bank from applying proceeds of TUF subsidy towards its demand for prepayment charges. The case is pending disposal.	82	82
(ii) Income tax demands	27	27
(iii) Central excise demands	4	6
(iv) Service tax demands	-	28
(b) Bank guarantees in favour of parties		
(i) Tamil Nadu Generation and Distribution Corporation [TANGEDCO]	164	164
(ii) Tamil Nadu Pollution Control Board	15	15
(iii) IDBI Capital Markets & Securities Limited - Buyback	2,581	-
(iv) Bank Note Paper Mill India Private Limited	50	32
(v) Tata Power Trading Company Limited	72	-
(vi) New Tirupur Area Water Development Corporation Limited	58	58
(c) Letter of Credit Facility in favour of Suppliers		
(i) Foreign letter of credit	9,629	7,595
(d) Discounted sales invoices	1,624	1,971

Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.

II. Commitments

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
(a) Capital Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for.	Nil	602
(b) Other Commitments		
(i) The Company has given Corporate guarantees to banks/financial Institutions / Others on behalf of M/s Jahnvi Motor Private Limited and M/s K.P.R.Sugar Mill Limited.	54,605	38,605
(ii) Export obligations against the import licenses taken for import of capital goods under the Export Promotion on Capital Goods Scheme and advance license scheme for import of raw material. The duty implication involved is ₹ 746 Lakhs (Pr.Yr. ₹ 2,194 Lakhs)	4,448	16,666

34. Disclosure with respect to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 28, 2008 which recommends that the Micro, Small and Medium Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number in accordance with the Micro, Small and Medium Development Act, 2006. In this regard, the Company had circulated letters to suppliers about their coverage under the said Act. Since there was no response from suppliers, necessary disclosures as required under section 22 of the Micro, Small and Medium Development Act, 2006 have not been made in these standalone financial statements. Further, in view of the Management, the impact of interest, if any that may be payable in accordance with the provisions of this Act is not expected to be material. The Company has not received any claim for interest from any such supplier as at the balance sheet date.

35. Corporate Social Responsibility Expenditure

The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility (CSR) as per the provision of section 135 of the Companies Act, 2013 amounts to ₹ 482 Lakhs (Pr. Yr. ₹ 392 Lakhs). Amount spent during the year on CSR activities (included in Note 30 of the Statement of Profit or Loss) as under:

(₹ in Lakhs)

Particulars	For the year Ended	
	31.03.2018	31.03.2017
Promotion of Education	482	386
Ensuring Environmental Sustainability	-	6
Total	**482**	392

36. Financial Instruments

Accounting Classification and Fair Values:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31.03.2018 **(₹ in Lakhs)**

Particulars	Carrying amount				Fair value
	Mandatorily at FVTPL - Others	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	
Financial Assets Measured at Fair Value					
Investments	1,202	-	-	1,202	Level 1
Financial Assets not Measured at Fair Value					
Loans	-	826	-	826	-
Trade Receivables	-	32,419	-	32,419	-
Cash and Cash Equivalents	-	1,641	-	1,641	-
Other Bank Balances	-	1,100	-	1,100	-
Other Financial Assets	-	4,196	-	4,196	-
Financial Liabilities not Measured at Fair Value					
Borrowings	-	-	32,948	32,948	-
Trade Payables	-	-	13,749	13,749	-
Other Financial Liabilities	-	-	3,150	3,150	-

31.03.2017

(₹ in Lakhs)

Particulars	Carrying amount				Fair value
	Mandatorily at FVTPL - Others	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	
Financial assets not measured at fair value					
Loans	-	776	-	776	-
Trade receivables	-	21,338	-	21,338	-
Cash and cash equivalents	-	1,981	-	1,981	-
Other bank balances	-	827	-	827	-
Other financial assets	-	5,088	-	5,088	-
Financial liabilities not measured at fair value					
Borrowings	-	-	41,946	41,946	-
Trade payables	-	-	11,367	11,367	-
Other financial liabilities	-	-	8,784	8,784	-

For those financial assets and liabilities, which are not carried at its fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in Notes 17, 19 and 21 off set by cash and bank balances) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

The Company's net debt to equity ratio as at March 31, 2018 was as follows

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
Debt *	34,623	49,082
Less : Cash and Bank Balances *	2,741	2,808
Net Debt	31,882	46,274
Total equity	1,33,672	1,11,806
Net Debt to Equity Ratio	23.85%	41.39%

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

Financial Risk Management

Risk Management Framework

The Company's corporate treasury function provides services to the business, co-ordinates access to domestic and International financial markets, monitors and manages the financial risk relating to the operation of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivatives financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter into or trade financial instrument, including derivative financial instruments, for speculative purposes.

A Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of holding of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign Currency Risk

The Company's sales and purchases activities expose it primarily to the financial risk of changes in foreign currency exchange rates. The Company enters into plain vanilla forward contracts to manage its exposure to foreign currency risk.

Details of hedged and unhedged foreign currency exposures

(a) Outstanding forward exchange contracts for hedging purposes as on 31.03.2018

Currency	Cross Currency	Amount (₹ in Lakhs)	Buy / Sell
USD	INR	275 (13,913)	Buy Buy
USD	INR	27,517 (5,616)	Sell Sell
EURO	INR	4,586 (2,740)	Sell Sell
GBP	INR	7,936 (6,189)	Sell Sell

Note: Figures in brackets relates to the previous year

(b) The year-end unhedged foreign currency exposures are given below *

As at 31.03.2018		As at 31.03.2017	
Receivables / (Payables)		Receivables / (Payables)	
₹in Lakhs	FC in Lakhs	₹in Lakhs	FC in Lakhs
4,196	$64	6,890	$106
1,258	€ 15	629	€ 9
976	£10	974	£12

* Includes firm commitments

Sensitivity Analysis :

Sensitivity analysis is carried out for un-hedged foreign exchange risk as at March 31, 2018. For every 1% strengthening of Indian Rupees against all relevant uncovered foreign currency transactions profit before tax would be impacted by loss of approximately ₹ 64 lakhs. Similarly, for every 1% weakening of Indian Rupee against these transactions, there would be an equal and opposite impact on the profit before tax.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Interest Rate Exposure

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
Non-current borrowings	10,126	11,196
Current borrowings	22,822	30,750
Other financial liabilities (Refer Note 21)	1,675	7,136
Total	**34,623**	49,082

Sensitivity Analysis:

Sensitivity analysis is carried out for floating rate borrowings as at March 31, 2018. For every 1% increase in average interest rates, profit before tax would be impacted by loss of approximately ₹ 30 lakhs. Similarly, for every 1% decrease in average interest rates , there would be an equal and opposite impact on the profit before tax. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

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

Equity Price Risk

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

B Credit Risk Management

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

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

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
Trade Receivables	32,419	21,338

Trade Receivables:

The Company mitigates credit risk by strict receivable management, procedures and policies. The Company has a dedicated independent team to review credit and monitor collection of receivables. In addition, the Company mitigates credit risk substantially through availment of credit insurance for both domestic and export buyers.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, the management believes that unimpaired amounts that are past due by more than 90 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to customers that have defaulted on their payments to the Company are not expected to be able to pay their outstanding dues, mainly due to economic circumstances.

The concentration of credit risk is limited due to the customer base being large and unrelated. Further, the Company constantly evaluates the quality of trade receivable and provides allowance towards doubtful debts based on expected credit loss model.

Cash and Cash Equivalents :

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of the banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

C Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

All current financial liabilities are repayable within one year. The contractual maturities of non current financial liabilities are disclosed in Note 17.

37. Related Party Disclosures

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

37.1 Name of related parties and nature of relationships

Key Management Personnel	Sri K.P.Ramasamy Sri KPD Sigamani Sri P.Nataraj Sri C.R.Anandakrishnan Sri E.K.Sakthivel
Relatives of Key Managerial Personnel	Smt D.Geetha (Daughter of Sri.KPD Sigamani)
Enterprises owned by Key Management Personnel/Directors or their relatives	M/s K.P.R.Developers Limited M/s K P R Cements Private Limited M/s K P R Holdings Private Limited M/s K P R Agro Farms Private Limited M/s K P R Charities
Subsidiary Companies	M/s Quantum Knits Private Limited M/s K.P.R.Sugar Mill Limited M/s Jahnvi Motor Private Limited M/s Galaxy Knits Limited

37.2 Transactions during the year and the balance outstanding at the balance sheet date

(₹in Lakhs)

Nature of Transaction	Enterprises owned by key management personnel / Directors or their relatives	Key Managerial Persons	Relatives to Key Managerial Persons	Subsidiary Company	Total as on 31.03.2018
Purchase of Goods	- -	- -	- -	8,550 (985)	8,550 (985)
Revenue from Operations	- -	- -	- -	22,556 (8,192)	22,556 (8,192)
Lease Rent Paid	- -	1 (1)	- -	- -	1 (1)
Lease Rent Received	- -	- -	- -	212 (224)	212 (224)
Remuneration / Salary	- -	2,661 (2,733)	6 (6)	- -	2,667 (2,739)
Processing and Fabrication Income	- -	- -	- -	5,089 (6,595)	5,089 (6,595)
Processing and Fabrication Expenses	- -	- -	- -	686 (56)	686 (56)
Interest Receipts	- -	- -	- -	79 (74)	79 (74)
CSR Contribution	482 (392)	- -	- -	- -	482 (392)
Donations	300 (300)	- -	- -	- -	300 (300)
Investments	- -	- -	- -	7,641 (7,641)	7,641 (7,641)
Loans	- -	- -	- -	826 (776)	826 (776)
Advance Receivable	- -	- -	- -	4,347 (11,867)	4,347 (11,867)
Advance payment from customers	- -	- -	- -	3,614 -	3,614 -
Trade Payable	- -	1,479 (1,652)	- -	- -	1,479 (1,652)

(Previous year figures are shown in brackets)

37.3 Details of transactions with related parties

a. Purchase of Goods **(₹in Lakhs)**

Name	2017-18	2016-17
M/s.K.P.R.Sugar Mill Limited	8,550	985
Total	**8,550**	985

b. Revenue from Operations (₹ in Lakhs)

Name	2017-18	2016-17
M/s.K.P.R.Sugar Mill Limited	22,556	8,192
Total	**22,556**	8,192

c. Processing and Fabrication Income (₹ in Lakhs)

Name	2017-18	2016-17
M/s.K.P.R.Sugar Mill Limited	5,089	6,595
Total	**5,089**	6,595

d. Processing and Fabrication Expenses (₹ in Lakhs)

Name	2017-18	2016-17
M/s K.P.R.Sugar Mill Limited	686	56
Total	**686**	56

e. Interest Receipts (₹ in Lakhs)

Name	2017-18	2016-17
M/s Jahnvi Motor Private Limited	79	74
Total	**79**	74

f. Donations (₹ in Lakhs)

Name	2017-18	2016-17
M/s.K.P.R.Charities	300	300
Total	**300**	300

g. CSR Contribution (₹ in Lakhs)

Name	2017-18	2016-17
M/s.K.P.R.Charities	482	392
Total	**482**	392

h. Lease Rent Paid (₹ in Lakhs)

Name	2017-18	2016-17
Sri K.P.Ramasamy	0.19	0.19
Sri KPD Sigamani	0.18	0.19
Sri P.Nataraj	0.18	0.18
Total	**0.55**	0.56

i. Lease Rent Received (₹ in Lakhs)

Name	2017-18	2016-17
M/s.K.P.R.Sugar Mill Limited	212	224
Total	**212**	224

j. Remuneration / Salary (₹in Lakhs)

Name	2017-18	2016-17
Sri. K.P. Ramasamy	873	897
Sri. KPD. Sigamani	873	897
Sri. P. Nataraj	873	897
Sri. C.R. Anandakrishnan	24	24
Sri. E.K. Sakthivel	18	18
Smt. D. Geetha	6	6
Total	**2,667**	2,739

k. Trade Payable (₹in Lakhs)

Name	2017-18	2016-17
Sri. K.P. Ramasamy	481	546
Sri. KPD. Sigamani	503	538
Sri. P. Nataraj	495	568
Total	**1,479**	1,652

l. Advance Receivable (₹in Lakhs)

Name	2017-18	2016-17
M/s. Quantum Knits Private Limited	-	1
M/s. K.P.R.Sugar Mill Limited	4,347	11,866
Total	**4,347**	11,867

m. Advance payment from Customers (₹in Lakhs)

Name	2017-18	2016-17
M/s. K.P.R.Sugar Mill Limited	3614	-
Total	**3614**	-

n. Loans (₹in Lakhs)

Name	2017-18	2016-17
M/s. Jahnvi Motor Private Limited	826	776
Total	**826**	776

o. Investments (₹in Lakhs)

Name	2017-18	2016-17
Equity Shares		
M/s. K.P.R.Sugar Mill Limited	1,675	1,675
M/s. Jahnvi Motor Private Limited	276	276
M/s. Quantum Knits Private Limited	10	10
M/s. Galaxy Knits Limited	5	5
Preference Share		
M/s. K.P.R.Sugar Mill Limited	5675	5675
Total	**7641**	7,641

38. Earnings Per Share (EPS)

(₹ in Lakhs)

Particulars	2017-18	2016-17
Profit for the year attributable to equity shareholders	22,497	23,842
Weighted average number of equity shares (Refer Note a)	7,38,95,784	7,51,80,524
Face Value Per Share (₹)	5.00	5.00
Earnings Per Share (₹) - Basic and Diluted	30.44	31.71

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

(₹ in Lakhs)

Particulars	2017-18	2016-17
Opening balance	7,38,95,784	7,53,65,784
Effect of Shares bought back	-	(1,85,260)
Closing balance	**7,38,95,784**	7,51,80,524

During the previous year Company bought back 14,70,000 shares of fully paid-up equity shares of the face value of ₹ 5/- each through "Tender Route" process at a price of ₹ 660 per equity share. (refer Note 46)

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

39. Geographical information on revenue and assets:

39.1 Revenue from sale of products and services by Geographic Location of Customers

(₹ in Lakhs)

Particulars	2017-18	2016-17
India	1,65,900	1,52,050
Overseas	77,400	64,312
Total	**2,43,300**	2,16,362

39.2 Geographic Location of Assets

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
Receivables		
India	1,77,586	1,74,181
Overseas	15,451	5,844
Total	**1,93,037**	1,80,025

40. Operating Lease Disclosure

The Company has taken office space on lease for a period of 9 years with option to renew and with escalation in rent once in three years with lock-in period of three years. Lease rent for the year ended 31st March 2018 amounted to ₹ 57 Lakhs (Pr. Yr. ₹ 57 Lakhs).

(₹ in Lakhs)

Particulars	2017-18	2016-17
Minimum lease payments not later than one year	63	57
Later than one year but not later than five years	147	211
More than five years	-	-

41. Disclosure of Employee Benefits

41.1 Defined Contribution Plans

(₹ in Lakhs)

Particulars	2017-18	2016-17
Provident Fund	952	1,272
Employee State Insurance	694	493

41.2 Defined Benefit Plan - Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company's obligation towards Gratuity is a defined benefit plan and the details of actuarial valuation as at the year-end are given below:

Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined (asset) / liability and its components.

		2017-18	2016-17
A	**Change in present value of obligation**		
	PV of obligation as at the beginning of the year	364	292
	Current Service Cost	102	71
	Interest Cost	29	23
	Benefits paid	(2)	-
	Actuarial (gains) losses recognised in other comprehensive income - changes in financial assumptions	(46)	(22)
	Balance at the end of the year	**447**	**364**
B	**Reconciliation of fair value of plan assets:**		
	Balance at the beginning of the year	399	312
	Interest income	29	30
	Actuarial gains (losses) recognised in other comprehensive income	-	-
	Benefits paid	(2)	-
	Contributions paid into the plan	90	57
	FV of plan asset as at the end of the year	**516**	**399**
C	**Net Asset/(Liability) recognized in the Balance Sheet**		
	Present value of obligation as at end of the year	447	364
	Fair value of Plan Asset as at end of the year	516	399
	Funded Status [Surplus/(Deficit)]	**69**	**35**
D	**Expense recognized in Statement of Profit or Loss**		
	Current Service Cost	102	71
	Interest Cost	29	23
	Expected return on Plan Assets	(29)	(30)
		102	**64**
E	**Remeasurement recognised in other comprehensive income:**		
	Actuarial (gains) losses on defined benefit obligation	(46)	(22)
	Actuarial (gains) losses on plan assets	-	-
		(46)	**(22)**
F	**Actuarial Assumptions**		
	Discount Rate (per annum)	7.73%	8.00%
	Rate of increase in compensation levels (per annum)	7.00%	7.00%
	Rate of return on plan assets (per annum)	7.73%	8.00%
	Expected average remaining working lives of employees (years)	30.33	30.51
	Demographic Assumptions - Based on Indian Assured Lives Mortality (2006-08)		

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market.

42. Details of unquoted Current Investment:

(₹ in Lakhs)

Particulars	2017-18		2016-17	
	Units	Amount	Units	Amount
Reliance Mutual Fund	28,345.19	1,202	-	-
	28,345.19	**1,202**	-	-

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

(₹ in Lakhs)

Name of the Company	2017-18	2016-17
M/s. Quantum Knits Private Limited	10	10
M/s. K.P.R. Sugar Mill Limited	7,350	7,350
M/s. Jahnvi Motor Private Limited	276	276
M/s. Galaxy Knits Limited	5	5
	7,641	7,641

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

(₹ in Lakhs)

Name of the Company	As at 31.03.2018	Maximum outstanding during the year 2017-18	As at 31.03.2017	Maximum outstanding during the year 2016-17
M/s.Jahnvi Motor Private Limited	826	826	776	808

45. Events after reporting period :

a) During the period, after obtaining the approval of the Board of Directors in its meeting held on 22.02.2018, the Buyback of 13,35,000 Equity shares of ₹ 5/- (Representing 1.81% of the total number of paid up equity shares of the Company) from the shareholders of the Company on proportionate basis by way of tender offer route at a price of ₹ 810/- per share for an aggregate amount of ₹ 10,814 Lakhs was initiated in accordance with the provisions of the Companies Act, 2013 and SEBI Buyback of Securities Regulations, 1998. The same was completed on 13.04.2018

b) The Board of Directors has recommended a Final Dividend of 15% (₹ 0.75/- per share of the face value of ₹ 5/- each) for the year 2017 18 subject to the approval of the Shareholders in Annual General Meeting.

46. Buyback

14,70,000 Equity Shares of ₹ 5/- each (Representing 1.95% of the total number of paid up equity shares of the Company) was bought back on 13.02.2017 from the shareholders of the Company on proportionate basis through tender offer at a price of ₹ 660/- per share for an aggregate amount of ₹ 9,702 Lakhs in accordance with the provisions of the Companies Act, 2013 and the SEBI (buyback of Securities) Regulations, 1998.

47. Prior Year Comparatives:

The previous year standalone financial statements have been audited by a firm other than B S R & Co. LLP. Prior year figures have been reclassified wherever necessary to conform current year's classification.

The notes from 1 to 47 are an integral part of these standalone financial statements.

For and on behalf of the Board of Directors of
K.P.R. Mill Limited
CIN : L17111TZ2003PLC010518

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

K.P. Ramasamy
Chairman
DIN : 00003736

KPD Sigamani
Managing Director
DIN : 00003744

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

S. Sethuraman
Partner
Membership No. : 203491

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Place : Coimbatore
Date : 30.04.2018

Place : Coimbatore
Date : 30.04.2018

Independent Auditor's Report

To the Members of K.P.R. Mill Limited on the consolidated Ind AS financial statements

As of and for the year ended March 31, 2018

Report on the Audit of Consolidated Indian Accounting Standards ('Ind AS') financial statements

We have audited the accompanying consolidated Ind AS financial statements of **K.P.R. Mill Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March31, 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to 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 ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS 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 an entity to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph 2 of Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

1. The Consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on May 3, 2017.

2. We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of ₹ 80,512 lakhs as at March 31, 2018, total revenue from operations of ₹ 88,174 lakhs and net cash outflows amounting to ₹ 1,518 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not modified in respect to these matters.

Report on other legal and regulatory requirements

1. As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements of subsidiaries as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

(c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;

(e) on the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on March 31, 2018 from being appointed as a director in terms of section 164(2) of the Act;

(f) with respect to the adequacy of the internal financial controls with reference to the financial statements of the Holding Company and its subsidiaries, and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other matters' paragraph:

(i) the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 33 to the consolidated Ind AS financial statements;

(ii) the Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018; and

(iii) there has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, which are companies incorporated in India during the year ended 31 March 2018.

(iv) the disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited consolidated Ind AS financial statements for the year ended March 31, 2017 have been disclosed.

for **BSR & Co. LLP**
Chartered Accountants
Firm Registration Number : 101248W/W-100022

S. Sethuraman,
Partner
Membership Number : 203491

Place: Coimbatore
Date: April 30, 2018

Annexure A to the Independent Auditor's Report

To the Members of K.P.R. Mill Limited on the consolidated Ind AS financial statements

As of and for the year ended March 31, 2018

Report on the Internal Financial Controls with reference to financial statements under clause (i) of sub-section3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Group as of and for the year ended March 31, 2018, we have audited the internal controls with reference to financial statements of **K.P.R. Mill Limited** ("the Holding Company") and its subsidiaries, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Holding Company and its subsidiaries, which are companies incorporated in India, considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the" Guidance Note") 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's and its subsidiaries', which are companies incorporated in India, internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing an devaluating 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 mis statement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiaries, in terms of their report referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiaries, which are companies incorporated in India.

Meaning of Internal financial controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of un authorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls with reference to financial statements

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

Opinion

In our opinion, the Holding Company and its subsidiaries, which are companies incorporated in India, have in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March31, 2018, based on the internal financial controls with reference to financial statements criteria established by the Holding Company and its subsidiaries, which are companies incorporated in India, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid report under section 143(3) (i) of the Act on the adequacy and the operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the four subsidiaries, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies.

for **BSR & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Place: Coimbatore
Date: April 30, 2018

S. Sethuraman
Partner
Membership Number:203491

CONSOLIDATED BALANCE SHEET

(₹ in Lakhs)

	Note	As at 31.03.2018	As at 31.03.2017
ASSETS			
(1) Non-current assets			
(a) Property, plant & equipment	4	1,22,262	1,30,621
(b) Capital work-in-progress	4	15	208
(c) Goodwill	39	70	70
(d) Other intangible assets	4	18	46
(e) Financial assets			
(i) Investments	5	210	1,188
(f) Other non - current assets	6	2,278	3,241
Total non - current assets		**1,24,853**	1,35,374
(2) Current assets			
(a) Inventories	7	64,041	53,299
(b) Financial assets			
(i) Investments	8	1,202	-
(ii) Trade receivables	9	41,964	34,073
(iii) Cash and cash equivalents	10	2,052	3,910
(iv) Other bank balances	11	1,129	854
(v) Other financial assets	12	6,937	6,759
(c) Other current assets	13	13,037	4,866
Total current assets		**1,30,362**	1,03,761
Total assets		**2,55,215**	2,39,135
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	14	3,695	3,695
(b) Other equity	15	1,53,303	1,24,901
Total equity		**1,56,998**	1,28,596
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	15,861	21,136
(b) Deferred tax liabilities (net)	17	4,857	4,421
(c) Other non-current liabilities	18	330	8,008
Total non-current liabilities		**21,048**	33,565
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	46,035	47,378
(ii) Trade payables	20	25,499	16,602
(iii) Other financial liabilities	21	4,673	11,724
(b) Other current liabilities	22	554	681
(c) Current tax liabilities (net)	23	408	589
Total current liabilities		**77,169**	76,974
Total liabilities		**98,217**	1,10,539
Total equity and liabilities		**2,55,215**	2,39,135

Significant accounting policies 3

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

For and on behalf of the Board of Directors of
K.P.R. Mill Limited
CIN : L17111TZ2003PLC010518

K.P.Ramasamy
Chairman
DIN : 00003736

KPD Sigamani
Managing Director
DIN : 00003744

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

PL Murugappan
Chief Financial Officer

P.Kandaswamy
Company Secretary

Place : Coimbatore
Date : 30.04.2018

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

S.Sethuraman
Partner
Membership No. : 203491

Place : Coimbatore
Date : 30.04.2018

CONSOLIDATED STATEMENT OF PROFIT & LOSS

(₹ in Lakhs)

	Note	Year Ended 31.03.2018	Year Ended 31.03.2017
I. Revenue from operations	24	3,02,442	2,81,660
II. Other Income	25	1,420	2,749
III. Total Revenue (I+II)		**3,03,862**	2,84,409
IV. Expenses			
Cost of materials consumed	26	1,86,629	1,63,365
Purchase of stock-in trade		5,231	9,099
Changes in inventories of finished goods, work- in-progress and stock-in-trade	27	(7,759)	(2,242)
Employee benefits expense	28	30,022	27,830
Finance costs	29	5,156	6,445
Depreciation and amortisation expenses	4	13,985	14,939
Other expenses	30	30,796	27,283
V. Total expenses		**2,64,060**	2,46,719
VI. Profit before tax (III-V)		**39,802**	37,690
VII.Tax expenses			
Current tax			
- Pertaining to current year		10,094	9,119
- MAT credit		(28)	(1,420)
- Pertaining to prior year		232	(159)
Deferred tax		466	1,468
Income tax expenses		**10,764**	9,008
VIII. Profit for the year (VI-VII)		**29,038**	28,682
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Remeasurement of defined benefit (liability) / asset		46	22
Income tax relating to items that will not be reclassified to profit or loss		(16)	(7)
IX. Net other comprehensive income not to be reclassified subsequently to profit or loss		**30**	15
X. Total comprehensive income for the year (VIII+IX)		**29,068**	28,697
Earnings per equity share (EPS)			
Basic and diluted EPS (in ₹) of Face value ₹ 5 /- each	38	**39.30**	38.17

Significant Accounting Policies 3
The notes referred to above form an integral part of the consolidated financial statements.

For and on behalf of the Board of Directors of
K.P.R. Mill Limited
CIN : L17111TZ2003PLC010518

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

K.P. Ramasamy
Chairman
DIN : 00003736

KPD Sigamani
Managing Director
DIN : 00003744

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

S. Sethuraman
Partner
Membership No. : 203491

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Place : Coimbatore
Date : 30.04.2018

Place : Coimbatore
Date : 30.04.2018

CONSOLIDATED CASH FLOW STATEMENT

(₹ in Lakhs)

PARTICULARS		Year Ended 31.03.2018	Year Ended 31.03.2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year		29,038	28,682
Adjustments for:			
Income tax expenses recognised in the statement of profit and loss		10,764	9,008
Depreciation and amortisation expenses		13,985	14,939
Net gain on sale of property, plant and equipment		(14)	(1)
Finance costs		5,156	6,445
Interest income		(155)	(199)
Net gain on financial assets designated at FVTPL		(116)	(143)
Rental income from operating leases		(15)	(13)
Impairment loss on financial assets		12	16
Change in fair value of investments		(2)	-
Operating profit before working capital changes		**58,653**	58,734
Changes in Working Capital:			
Adjustments for (Increase) / Decrease in operating assets:			
Inventories		(10,742)	(2,729)
Trade receivables		(7,903)	7,940
Other current assets		(8,145)	2,626
Other non current assets		(354)	252
Other financial assets		(164)	(2,854)
Adjustments for Increase / (Decrease) in operating liabilities:			
Trade payables		9,905	(8,857)
Other current liabilities		(629)	88
Other non current liabilities		(7,516)	2,143
Cash generated from operations		**33,105**	57,343
Net income tax (paid)		(10,507)	(9,638)
Net cash generated from operating activities	**(A)**	**22,598**	47,705
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipments, including capital		(4,325)	(19,918)
Investment in liquid funds		(1,200)	-
Redemption / maturity of margin deposit accounts		(275)	785
Proceeds from sale of property, plant and equipment		136	84
Purchase / (proceeds from) sale of non-current investment		(30)	(1,023)
Dividend Received		116	52
Interest Received		141	241
Bank balance not considered as cash and cash equivalents - Unpaid dividend account		2	-
Rental income received from operating leases		13	13
Net cash flow used in investing activities	**(B)**	**(5,422)**	(19,766)

CONSOLIDATED CASH FLOW STATEMENT

(₹ in Lakhs)

PARTICULARS		Year Ended 31.03.2018	Year Ended 31.03.2017
CASH FLOW FROM FINANCING ACTIVITIES			
Payment for buyback of shares		-	(9,702)
Proceeds from long-term borrowings		604	15,198
Repayment of long-term borrowings		(12,434)	(12,479)
Net increase / (decrease) in working capital borrowings		(1,343)	(13,090)
Finance costs paid		(5,195)	(6,368)
Dividends paid		(554)	(437)
Tax on dividend paid		(112)	(82)
Net cash flow used in financing activities	**(C)**	**(19,034)**	(26,960)
Net increase / (decrease) in cash and cash equivalents	**(A+B+C)**	(1,858)	979
Add: Opening cash and cash equivalents		3,910	2,931
Closing cash and cash equivalents (refer Note 10)		**2,052**	3,910
Closing cash and cash equivalents comprises			
(a) Cash on hand		29	29
(b) Balance with banks:			
i) In Current accounts		809	1,937
ii) In EEFC accounts		1,214	1,944
		2,052	3,910

Significant accounting policies 3
The notes referred to above form an integral part of the consolidated financial statements

For and on behalf of the Board of Directors of
K.P.R. Mill Limited
CIN : L17111TZ2003PLC010518

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

K.P. Ramasamy
Chairman
DIN : 00003736

KPD Sigamani
Managing Director
DIN : 00003744

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

S. Sethuraman
Partner
Membership No. : 203491

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Place : Coimbatore
Date : 30.04.2018

Place : Coimbatore
Date : 30.04.2018

CHANGES IN EQUITY

a. Equity share capital

	Notes	(₹ in Lakhs)
Balance as at 01.04.2016		3,768
Less: Buyback of Equity Shares	14	73
Balance as at 31.03.2017		3,695
Changes during the year	14	-
Balance as at 31.03.2018		**3,695**

b. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus					Other comprehensive income	Total Other Equity
	Securities Premium Reserve	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Remeasurement of defined benefit plans	
Balance as at 01.04.2016	19,096	293	1,500	21,333	64,070	-	1,06,292
Profit for the year	-	-	-	-	28,682	-	28,682
Other Comprehensive Income (net of tax)	-	-	-	-	-	15	15
Transfer from Retained Earnings	-	-	73	2,386	-	-	2,459
Transfer to Retained Earnings	-	-	-	-	15	(15)	-
Transfer to Capital Redemption Reserve	-	-	-	-	(73)	-	(73)
Premium on Buyback of Equity Shares	-	-	-	-	(9,629)	-	(9,629)
Transfer to General Reserve	-	-	-	-	(2,386)	-	(2,386)
Final Dividend relating to 2015-16 paid ₹ 0.50 per share	-	-	-	-	(377)	-	(377)
Tax on Dividend	-	-	-	-	(82)	-	(82)
Balance as at 31.03.2017	**19,096**	**293**	**1,573**	**23,719**	**80,220**	**-**	**1,24,901**
Profit for the year	-	-	-	-	29,038	-	29,038
Other Comprehensive Income	-	-	-	-	-	30	30
Transfer from Retained Earnings	-	-	-	1,126	30	(30)	1,126
Transfer to General Reserve	-	-	-	-	(1,126)	-	(1,126)
Final Dividend relating to 2016-17 paid ₹ 0.75 per share	-	-	-	-	(554)	-	(554)
Tax on Dividend	-	-	-	-	(112)	-	(112)
Balance as at 31.03.2018	**19,096**	**293**	**1,573**	**24,845**	**1,07,496**	**-**	**1,53,303**

Significant accounting policies 3

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

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022

For and on behalf of the Board of Directors of

K.P.R. Mill Limited

CIN : L17111TZ2003PLC010518

K.P. Ramasamy
Chairman
DIN : 00003736

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Managing Director
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& Managing Director
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Membership No. : 203491

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Place : Coimbatore
Date : 30.04.2018

Place : Coimbatore
Date : 30.04.2018

ACCOUNTING POLICIES

1 CORPORATE INFORMATION

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

a) Quantum Knits Private Limited deals in Readymade Garments.

b) K.P.R. Sugar Mill Limited produces sugar along with Green energy viz ., Co-Gen Power. Its plant is Located at Vijayapur District, Karnataka State. The Company also has Garment manufacturing facility at Arasur, Coimbatore and commenced its operation from November 2013.

c) Jahnvi Motor Private Limited is the authorised dealers of AUDI cars in Coimbatore and Madurai Region.

d) Galaxy Knits Limited has not commenced any major business activity.

The Consolidated Financial Statements relate to K.P.R. Mill Limited ('the Company') and its wholly owned Subsidiary Companies Quantum Knits Private Limited, K.P.R. Sugar Mill Limited, Galaxy Knits Limited and Jahnvi Motor Private Limited. The Company and its subsidiaries constitute the Group.

The Company's shares are listed in BSE LTD (BSE) and National Stock Exchange of India Ltd (NSE).

2 BASIS OF PREPARATION

A STATEMENT OF COMPLIANCE

These consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the requirements prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

These consolidated financial statements for the year ended March 31, 2018 (including comparatives) are authorised by the Board on April 30, 2018.

B BASIS OF CONSOLIDATION

(i) Subsidiaries

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions , are eliminated

C FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All financial information has been rounded-off to the nearest lakhs, unless otherwise indicated.

D BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on a historical cost basis and on an accrual basis, except for the following items:

i. Derivative financial instruments measured at fair value through profit and loss;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments) and

iii. Net defined (asset) / liability measured at fair value & plan assets less present value of obligations.

E USE OF ESTIMATES AND JUDGEMENT

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties:

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is mentioned below. Actual results may be different from these estimates.

(i) Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, careful judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues. (also refer Note 18)

(ii) Impairment of non-financial assets:

In assessing impairment, management has estimated economic use of assets, the recoverable amount of each asset or cash- generating units based on expected future cash flows and use an interest rate to discount them. Estimation of uncertainty relates to assumptions about future operating cash flows and determination of a suitable discount rate. (also refer Note 3)

(iii) Useful lives of depreciable assets:

Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on expected utility of assets. Uncertainties in these estimates relate to technological obsolescence that may change utility of assets (refer Note 3).

(iv) Inventories:

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes (also refer Note 3).

(v) Defined benefit obligation (DBO):

The actuarial valuation of the DBO is based on a number of critical underlying management's assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (also refer Note 41)

(vi) Recognition and measurement of provisions and contingencies:

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

(vii) Impairment of financial assets - refer Note 3

F MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. The inputs used to measure the fair value of assets or a liability fall into different levels of the fair value hierarchy. Accordingly, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the low level input that is significant to the entire measurement.

Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on its assumptions on observable data as far as possible but where it not available, the management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (also refer Note 36). The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

G CURRENT AND NON-CURRENT CLASSIFICATION

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A INVENTORIES

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The comparison of cost and net realisable value is made on an item by item basis. The cost of raw materials, components, consumable stores and spare parts are determined using first-in first-out / specific identification method. and includes freight, taxes and duties, net of duty credits wherever applicable, and any other expense incurred in bringing them to their present location and condition. Work-in-progress and finished goods include conversion costs in addition to the landed cost of raw materials. Finished goods, including stock in trade and work-in-progress are valued at lower of cost and net realisable value. Cost includes all direct costs including excise duty and applicable manufacturing overheads incurred in bringing them to their present location and condition.

B CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

C CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of three months or less.

D PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement:

Free hold land is stated at historical cost. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises:

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

b. any directly attributable cost of bringing the item to its working condition for its intended use estimated costs of dismantling and removing the item and restoring the site on which it is located.

c. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Any gain/ loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure:

Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group.

Component accounting:

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as seperate items (major components) of property, plant and equipment.

Depreciation:

Depreciation is recognized on a straight-line basis, over useful life of buildings and other equipment as prescribed under Schedule II of Companies Act, 2013, except in respect of certain assets, where useful life is different from those prescribed under Schedule II. Freehold land is not depreciated.

Depreciation on property, plant and equipment is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

ACCOUNTING POLICIES

The estimated useful life of the property, plant and equipment followed by the Group is furnished below:

Factory Building	~	30 Years
Non Factory Building	~	60 Years
Plant & Equipments	~	10-20 Years
Electricals	~	14 Years
Computers & accessories	~	3 Years
Furniture's & fixtures	~	10 Years
Vehicles	~	8-10 Years
Windmill	~	12 Years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period.

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

Capital work-in-progress

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. They are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The estimated amount of intangible asset consisting software license is 3 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

E REVENUE RECOGNITION

Revenue from sale of goods is recognized when the significant risks and rewards of ownership is transferred. The Group has considered the detailed criteria for the recognition of revenue from the sale of goods and from rendering of services set out in Ind AS 18 "Revenue" and in particular transfer of risks and rewards of ownership of the goods and flow of economic benefits associated with the transaction. Revenue from sales is stated net of discounts, rebates and taxes.

Revenue from sale of services is recognised when related services are rendered.

F OTHER INCOME

Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists.

Rental income under operating leases is recognized in the statement of profit and loss on a straight line basis over the term of the lease except where such receipts are structured to increase in line with the expected general inflation to compensate for the Group's (lessor) expected inflationary costs increases.

Interest income is recognised using effective interest rate method. Interest income on overdue receivables is recognized only when there is a certainty of receipt.

Export incentives are accounted in the year of exports based on eligibility and expected amount on realisation.

G FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilites denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

H FINANCIAL INSTRUMENTS

(i) Initial Recognition

Trade receivables are initially recognised when they are originated.

All other financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

The 'trade payable' is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction and services availed value if the transaction do not contain significant financing component.

For the purpose of subsequent measurement, financial instruments of the Group are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

(ii) Classification and subsequent measurement

a) Non-derivative financial assets
Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met and is not designated as at FVTPL :

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

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments at FVTOCI

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met and is not designated as at FVTPL:

(a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Equity instruments at FVTOCI

All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in OCI. The Group makes such election on an instrument-by-instrument basis.

If the Group decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b) Non-derivative financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities and forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit and loss.

I GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES

Government grants are recognised when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant ; they are then recognised in statement of profit and loss as other operating revenue / other income on a systematic basis.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate and presented in other operating income.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

J EMPLOYEE BENEFITS

(a) Short Term

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(b) Long Term Post Employment

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

i) Provident Fund & Employee State Insurance

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

ii) Gratuity Fund

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

K BORROWING COSTS

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

L SEGMENT REPORTING

"Operating Segments" reported are in a manner consistent with internal reporting made to the undersigned Chairman & Managing Directors who are the Chief Operating Decision Makers for the Group. The reported operating segments

a. engage in business activities from which the Group earns revenues and incur expenses

b. have their operating results regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and

c. have discrete financial information available

The Group has classified its operations primarily into three segments viz. Textile, Sugar and Others based on 'Management Approach' as defined in Ind-AS 108 - "Operating Segments"

M LEASE

Determining whether an arrangement contains a lease

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

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

Assets held under leases

i. Assets leased out

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

ii. Assets taken on lease

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

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

Lease payments

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

N EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

O INCOME TAXES

Income tax expense represents current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax liabilities and current tax assets are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by same tax authority on same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or its tax assets and liabilities will be realised simultaneously.

iii) CURRENT AND DEFERRED TAX FOR THE YEAR

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

P IMPAIRMENT

Impairment of Financial Instruments

The Group recognises loss allowance for expected credit loss on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are credit losses that result from all possible default events over expected life of financial instrument. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information. The Group assumes that credit risk on a financial asset has increased significantly if it is past due.

The Group considers a financial asset to be in default when:

- the recipient is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is past due.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Impairment of Non-Financial Assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine recoverable amount. Such a reversal is made only to an extent that asset's carrying amount does not exceed carrying amount that would have been determined, net of depreciation/ amortisation, if no impairment loss was recognised.

Q PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions:

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingent liabilities:

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability.

Contingent assets:

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

NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standard - Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 on Revenue, Ind AS 11 on Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. This standard is effective from annual periods beginning on or after April 1, 2018 and will be applied accordingly. In this regard, the Group is in process of carrying out assessment of potential impact on adoption of Ind AS 115 on accounting policies followed and accordingly impact on its consolidated financial statements on initial application of this standard is not reasonably estimable at present.

Amendment to existing standard - Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment to Ind AS 21 clarifies on accounting of transactions that include receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. In this regard, the Group is in the process of carrying out its assessment of potential impact on adoption of this amendment on accounting policies followed in its consolidated financial statements.

4. PROPERTY PLANT & EQUIPEMENT

(₹ in Lakhs)

Particulars	Property, Plant and Equipment										Capital work-in-progress	Intangible Assets (software license)
	Freehold Land	Factory Building	Non Factory Building	Plant and Equipment	Windmill	Electricals	Furniture and Fixture	Computers and Accessories	Vehicles	Total		
Gross carrying amount												
As at 01.04.2016	**8,574**	**23,926**	**11,011**	**65,620**	**12,845**	**4,597**	**2,000**	**184**	**1,123**	**1,29,880**	**3,477**	**125**
Additions	328	6,048	6,647	15,365	-	952	703	335	136	30,514	2,800	-
Disposals / adjustments	-	-	(37)	(235)	-	(2)	(7)	(9)	(15)	(305)	(6,069)	-
As at 31.03.2017	8,902	29,974	17621	80,750	12,845	5,547	2,696	510	1,244	1,60,089	208	125
Additions	8	1,089	528	2,985	-	327	528	113	136	5,714	1,701	4
Disposals / adjustments	-	-	-	(172)	-	(13)	(9)	(40)	(141)	(375)	(1,894)	-
As at 31.03.2018	**8,910**	**31,063**	**18,149**	**83,563**	**12,845**	**5,861**	**3,215**	**583**	**1,239**	**1,65,428**	**15**	**129**
Accumulated Depreciation												
As at 01.04.2016	-	**905**	**190**	**9,765**	**2,704**	**528**	**424**	**53**	**101**	**14,670**	-	**45**
Depreciation Expense	-	988	265	10,259	2,124	557	431	110	171	14,905	-	34
Disposals / adjustments	-	-	(3)	(82)	-	-	(5)	(8)	(9)	(107)	-	-
As at 31.03.2017	-	1,893	452	19,942	4,828	1,085	850	155	263	29,468	-	79
Depreciation Expense		1,134	304	9,836	1,377	606	358	152	184	13,951	-	34
Disposals / adjustments	-	-	-	(142)	-	(3)	(7)	(33)	(68)	(253)	-	-
As at 31.03.2018	-	**3,027**	**756**	**29,636**	**6,205**	**1,688**	**1,201**	**274**	**379**	**43,166**	-	**113**
Net carrying amount												
As at March 31, 2017	**8,902**	**28,081**	**17,169**	**60,808**	**8,017**	**4,462**	**1,846**	**355**	**981**	**1,30,621**	**208**	**46**
As at March 31, 2018	**8,910**	**28,036**	**17,393**	**53,927**	**6,640**	**4,173**	**2,014**	**309**	**860**	**1,22,262**	**15**	**16**

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
	FINANCIAL ASSETS		
5	**INVESTMENTS**		
	Unquoted (all fully paidup)		
	Investments measured at cost:		
	a) In Equity Instruments		
	Nil (Pr.Yr. 1,00,84,629) equity shares of ₹ 10 each of Ind Bharath Powergen Com Limited.	-	1,008
	2,10,000 (Pr.Yr. 1,80,000) equity shares of ₹ 100 each of Somanur Water Scheme Pvt Ltd.	210	180
	Aggregate value of unquoted investments	**210**	1,188
6	**OTHER NON CURRENT ASSETS**		
	(i) Capital advances	242	1,559
	(ii) Advances other than capital advances		
	Security deposits	1,637	1,312
	Balances with government authorities	31	31
	(iii) Others		
	Refund due from Income Tax	33	-
	Unamortised cost of lease hold land	335	339
		2,278	3,241
7	**INVENTORIES**		
	Raw materials	23,720	20,815
	Work-in-progress **	2,946	2,058
	Finished goods	31,822	24,145
	Stock-in-trade	1,024	1,830
	Stores, spares, packing and others	4,529	4,451
		64,041	53,299
	** Includes cotton ₹ 2,082 lakhs (Pr.Yr. ₹ 1,595 lakhs), fabric ₹ 38 lakhs (Pr.Yr. ₹ 12 lakhs), and garments ₹ 826 lakhs (Pr.Yr. ₹ 451 Lakhs).		
	The Mode of Valuation of inventories has been stated in Note 3 For the carrying value of inventories pledged as securities for borrowings, refer note 16 & 19. Average age of inventory is less than 90 days only.		
	FINANCIAL ASSETS		
8	**CURRENT INVESTMENTS**		
	Investments in mutual funds (unquoted) at Fair value through Profit and Loss Reliance mutual fund (also refer Note 44)	1,202	-
		1,202	-

Information about the Company's fair value measurement is included in Note 36

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
9	**TRADE RECEIVABLES**		
	Trade receivables - outstanding for a period more than 6 months		
	- Unsecured, considered good	348	261
	- Doubtful	133	113
	Other trade receivables		
	- Unsecured, considered good	41,616	33,832
	- Doubtful	-	-
		42,097	34,206
	Allowance for credit loss	(133)	(133)
	Net trade receivables	**41,964**	34,073
	(i) For receivables secured against borrowings, refer Note 16 and Note 19		
	(ii) The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Note 36		
10	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	29	29
	Balance with banks		
	i) In current accounts	809	1,937
	ii) In EEFC accounts	1,214	1,944
		2,052	3,910
11	**OTHER BANK BALANCES**		
	i) Balance with banks held as margin money deposits	1,124	847
	ii) Unpaid dividend accounts	5	7
		1,129	854
		3,181	4,764

During the previous year, the Company had specified bank notes and other denomination notes. As defined in the MCA notification G.S.R. 308 (E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, thed enomination wise SBN sand other notes as per the notification is given below:

(in ₹)

Particulars	SBN	Other Notes	Total
Closing cash on hand as on 08.11.2016	1,20,25,500	6,27,976	1,26,53,476
Add : Permitted receipts	-	1,33,79,978	1,33,79,978
Less : Permitted payments	-	1,04,16,055	1,04,16,055
Less : Amount deposited in Banks	1,20,25,500	28,952	1,20,54,452
Closing cash on hand as on 30.12.2016	**-**	**35,62,947**	**35,62,947**

		As at 31.03.2018	As at 31.03.2017
12	**OTHER FINANCIAL ASSETS**		
	Interest accrued on bank deposits	94	80
	Export incentive receivable	4,994	2,631
	Technology Upgradation Fund subsidy receivable	105	161
	Investment promotion Subsidy receivable	1,562	3,614
	Others	182	273
		6,937	6,759

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
13	**OTHER CURRENT ASSETS**		
	Advance for purchases	8,600	3,561
	Others (primarily prepaid expenses)	580	645
	Balances with government authorities - GST / VAT credit receivable	3,857	660
		13,037	4,866
14	**EQUITY SHARE CAPITAL**		
	a) Authorised		
	9,00,00,000 (Pr.Yr. 9,00,00,000) equity shares of ₹ 5 each with voting rights.	4,500	4,500
	10,00,000 (Pr.Yr. 10,00,000) 7% redeemable cumulative non-convertible preference shares of ₹ 100 each.	1,000	1,000
		5,500	5,500
	b) Issued, subscribed & fully paid up		
	7,38,95,784 (Pr.Yr.7,38,95,784) equity shares of ₹ 5 each fully paid-up with voting rights.	3,695	3,695
		3,695	3,695

14.1 Term / rights to shares

Equity shares

The Company has issued only one class of equity shares having a face value of ₹ 5 per share. The holder of each equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholder in the Annual General Meeting.

The Board has recommended a final dividend of 15% (₹ 0.75/- per share of the face value of ₹ 5/- each) for the year 2017-18 (Pr. Yr. ₹ 0.75/- per share) subject to the approval of the shareholders in Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after settling the dues of preferential and other creditors as priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

14.2 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares with voting rights	For the year ended 31.03.2018		For the year ended 31.03.2017	
Particulars	Number of shares	(₹ in Lakhs)	Number of shares	(₹ in Lakhs)
At the beginning of the year	7,38,95,784	3,695	7,53,65,784	3,768
Less : Buyback (Refer note 48)	-	-	14,70,000	73
Outstanding at the end of the year	7,38,95,784	3,695	7,38,95,784	3,695

14.3 Details of shareholders holding more than 5% of Shares in the company

Equity shares

Particulars	As at 31st March, 2018		As at 31st March,2017	
	Number of shares	%	Number of shares	%
Sri K.P.Ramasamy	1,59,50,000	21.58	1,59,50,000	21.58
Sri K P D Sigamani	1,59,50,000	21.58	1,59,50,000	21.58
Sri P.Nataraj	1,59,50,000	21.58	1,59,50,000	21.58

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares as at the balance sheet date.

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
15	**OTHER EQUITY**		
	Capital reserve		
	Opening balance	293	293
	Closing balance (A)	**293**	293
	Securities premium		
	Opening balance	19,096	19,096
	Closing balance (B)	**19,096**	19,096
	Balance in securities premium represents amount received on issue of shares in excess of par value.		
	Capital redemption reserve		
	Opening balance	1,573	1,500
	Capital redemption on buyback (Refer note 48)	-	73
	Closing balance (C)	**1,573**	1,573
	Balance in capital redemption reserve represents amount created on extinguishment of share capital.		
	General reserve		
	Opening balance	23,719	21,333
	Add: Transfer from surplus in the statement of profit and loss	1,126	2,386
	Closing balance (D)	**24,845**	23,719
	The General Reserve issued from time to time to transfer profits from retained earnings for appropriation purpose. As the General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.		

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
	Retained earnings		
	Opening balance	80,220	64,070
	Add: Profit for the year	29,038	28,682
	Add: Transfer from other comprehensive income	30	15
	Less:		
	Final dividend paid (₹ 0.75 per share)	554	377
	Tax on dividend	112	82
	Premium on buyback of equity share (refer Note 48)	-	9,629
	Transferred to:		
	General reserve	1,126	2,386
	Capital redemption reserve	-	73
	Closing balance (E)	**1,07,496**	80,220
	The above reserve represents profits generated and retained by the Company post distribution of dividends to the equity shareholders in the respective years. This reserve can be utilized for distribution of dividend by the Company considering the requirements of the Companies Act, 2013.		
	Total (A+B+C+D+E)	**1,53,303**	1,24,901
	NON CURRENT LIABILITIES		
	FINANCIAL LIABILITIES		
16	**BORROWINGS**		
	Term Loans		
	From banks (secured)	18,197	30,027
	Less : Amount included under 'other financials liabilities'	(2,878)	(9,388)
		15,319	20,639
	From others (unsecured) - Interest Free Sales Tax Loan - NPV	542	497
		15,861	21,136

Information about the company's exposure to interest rate and liquidity risks is included in Note 36

16.1 Term Loans from banks are secured by pari-passu first charge on fixed assets and second charge on current assets of the company.

16.2 i) The Company has availed a term loan from Bank of Baroda in respect of which balance as at 31.03.2018 was ₹ 9,990 lakhs. The loan is repayable in 24 quarterly installments commencing from June 2018. This term loan is secured by exclusive charge on fixed assets of expansion project and first charge on land and building situated at SIPCOT

ii) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2018 was ₹ 274 lakhs. The loan is repayable in 24 quarterly installments commencing from April 2016. This term loan is secured by hypothecation of machineries purchased out of the loan.

iii) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2018 was ₹ 1,537 lakhs. The loan is repayable in 24 quarterly installments commencing from September 2015. This term loan is secured by equitable mortgage on the land, factory and hostel building constructed out of the loan and hypothecation of machineries purchased out of the loan.

iv) The Company has availed a term loan from ICICI Bank Limited in respect of which balance as at 31.03.2018 was ₹ 5,876 lakhs. The loan is repayable in 24 quarterly installments commencing from March 2017. This term loan is secured by equitable mortgage on the land, factory and hostel building constructed out of the loan and hypothecation of machineries purchased out of the loan.

v) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2018 was ₹ 263 lakhs. The loan is repayable in 20 quarterly installments commencing from October 2015. This term loan is secured by equitable mortgage on the land, factory building constructed out of the loan.

vi) The Company has availed a term loan from Bank of Baroda in respect of which balance as at 31.03.2018 was ₹ 29 lakhs. The loan is repayable in 12 quarterly installments commencing from June 2016. This term loan is secured by second charge on fixed asset.

vii) The Company has availed a term loan from Corporation Bank in respect of which balance as at 31.03.2018 was ₹ 227 lakhs. The loan is repayable in 12 quarterly installments commencing from September 2016. This term loan is secured by second charge on fixed asset.

16.3 Interest rate relating to term loans from banks is in the range of 8.60% to 12.50% (Pr. Yr. : 9.05% to 12.50%)

16.4 The Group has not defaulted in the repayment of principal and interest during the year.

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
17	**DEFERRED TAX**		
	Deferred tax liabilities (Refer Note 32)	7,809	7,343
	Deferred tax assets	-	-
	Less : MAT credit entitlement	2,952	2,922
	Net deferred tax liabilities	**4,857**	4,421
18	**OTHER NON CURRENT LIABILITIES**		
	Trade payable	-	7,516
	Payables on purchase of fixed Assets	-	117
	Deferred revenue arising from government grants	330	375
		330	8,008
	CURRENT LIABILITIES		
	FINANCIAL LIABILITIES		
19	**BORROWINGS**		
	From Banks		
	Secured:		
	Loans for Working Capital	6,261	17,067
	Packing Credit	38,509	28,278
	From Others		
	Loans Repayble on demand	1,265	2,033
		46,035	47,378

Information about the company's exposure to interest rate and liquidity risks is included in Note 36

19.1 Loans for working capital and packing credit are secured by pari passu first charge on the current assets of the Company and pari passu second charge on entire block of assets of the Company.

19.2 The Company has not defaulted in its repayments of the loans and interest during the year.

19.3 Interest rate relating to working capital loans are in the range of 7.30% to 11.85% per annum. Interest rates relating to USD packing credit are in the range of 1.80% to 2.15% per annum and interest rates relating to INR packing credit are in the range of 4.40% to 6.60% per annum.

(₹ in Lakhs)

		As at 31.03.2018	As at 31.03.2017
20	**TRADE PAYABLES**		
	A. Total outstanding dues of Micro and small enterprises	-	-
	B. Total outstanding dues of creditors other than Micro and small enterprises	25,499	16,602
		25,499	16,602
	The average credit period on purchase of goods and services are with in 60 days. Trade payable are non-interest bearing.		
21	**OTHER FINANCIAL LIABILITIES**		
	Current maturities of long term loans (Refer Note 16)	2,878	9,388
	Unclaimed dividend	5	7
	Interest accrued	49	88
	Statutory dues payables	1,698	2,210
	Others	43	31
		4,673	11,724
22	**OTHER CURRENT LIABILITIES**		
	Advance payment from customers	554	681
		554	681
23	**CURRENT TAX LIABILITIES (Net)**		
	Provision for tax (net of advance tax)	408	589
		408	589

(₹ in Lakhs)

		Year Ended	
		31.03.2018	31.03.2017
24	**REVENUE FROM OPERATIONS**		
	Sale of Products	2,86,399	2,68,103
	Sale of Services	2,366	2,551
	Other Operating Revenues	13,677	11,006
	Revenue from Operations (Gross)	**3,02,442**	2,81,660
24.1	**Sale of Products**		
	Garment	86,926	69,354
	Yarn	1,32,165	1,20,592
	Fabric	23,728	41,546
	Sugar	21,246	16,508
	Molasses	2,044	1,589
	Co-gen Power	3,163	956
	Automobile	8,060	10,236
	Cotton Waste	9,067	7,322
		2,86,399	2,68,103
24.2	**Sale of Services**		
	Processing and Fabrication Income	2,030	2,237
	Automobile Service Income	336	314
		2,366	2,551
24.3	**Other Operating Revenues**		
	Export Incentives	9,924	9,068
	Others (Primarily Scrap Sales)	3,753	1,938
		13,677	11,006
25	**OTHER INCOME**		
	Interest Income on		
	Cash and Bank Balances	63	125
	Others	92	74
	Financial Assets at FVTPL - net change in Fair Value		
	Mandatorily measured at FVTPL	2	-
	Gain on Sale of Investments (net)	116	52
	Investment Promotion Subsidy	951	1,990
	Net Gain on Sale of Property, Plant and Equipment	14	1
	Miscellaneous Income	182	507
		1,420	2,749

(₹ in Lakhs)

		Year Ended	
		31.03.2018	31.03.2017
26	**COST OF MATERIALS CONSUMED**		
	a) Inventory of materials at the beginning of the year		
	Cotton	17,431	18,273
	Dyes and Chemicals	147	224
	Yarn and Fabric	3,237	2,619
		20,815	21,116
	b) Add: Purchases and production expenses		
	Cotton	1,22,203	1,11,131
	Dyes and Chemicals	4,460	2,424
	Yarn, Fabric, Polyester and Garments	24,490	25,286
	Production Expenses	5,354	5,625
	Trims, Packing and Others (Consumption)	8,296	6,251
	Sugar Cane and Coal	24,616	11,381
		1,89,419	1,62,098
	c) Less : Inventory of Materials at the end of the year		
	Cotton	16,910	17,431
	Dyes and Chemicals	293	147
	Yarn and Fabric	6,517	3,237
		23,720	20,815
	Excise Duty on Sale of Goods	115	966
		1,86,629	1,63,365
27	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE**		
	a) Inventories at the beginning of the year		
	Finished Goods	24,145	20,024
	Work-in-Progress	2,058	1,916
	Stock-in-Trade	1,830	3,851
		28,033	25,791
	b) Inventories at the end of the year		
	Finished Goods	31,822	24,145
	Work-in-Progress	2,946	2,058
	Stock-in-Trade	1,024	1,830
		35,792	28,033
	Net (Increase)	**(7,759)**	(2,242)
28	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, Wages and Bonus	26,150	23,775
	Contribution to Provident and other Funds	1,423	2,045
	Staff Welfare Expenses	2,449	2,010
		30,022	27,830

(₹ in Lakhs)

		Year Ended	
		31.03.2018	31.03.2017
29	**FINANCE COSTS**		
	Interest expense on financial liabilities measured at amortised cost		
	Term Loans	2,226	2,066
	Working Capital Loans	2,360	3,602
	Others	525	732
	Interest on Interest Free Sales Tax Loan	45	45
		5,156	6,445
30	**OTHER EXPENSES**		
	Manufacturing expenses		
	Power and fuel	11,018	9,895
	Consumption of stores, spares and packing materials	3,976	3,545
	Repairs and Maintenance		
	Building	527	530
	Machinery	6,034	4,942
	Others	483	493
	Insurance	256	240
	Legal and professional charges	319	275
	Rent	254	276
	Rates and taxes	824	176
	Payment to auditor (Refer Note 31)	18	14
	Travelling and conveyance	960	700
	Expenditure on Corporate Social Responsibility (CSR) (Refer Note 35)	600	465
	Donations	336	328
	Impairment loss on financial assets	12	16
	General expenses	457	482
	Freight and forwarding	2,396	2,431
	Sales commission	1,251	1,296
	Other selling expenses	1,075	1,179
		30,796	27,283

31. Payment to Auditors

(₹ in Lakhs)

Particulars	2017-18	2016-17
Audit Fees	17	13
Expenses (incl. Service Tax)	1	1
Total	**18**	14

32. Income tax

32.1 Income Tax Recognised In Profit or Loss

(₹ in Lakhs)

Particulars	2017-18	2016-17
Current Tax		
Current Income Tax charge	10,094	9,119
Adjustment in respect of Current Income Tax of Prior Years	232	(159)
MAT Credit Entitlement	(28)	(1,420)
	10,298	7,540
Deferred Tax		
In respect of Current Year	466	1,468
Total	**10,764**	9,008

32.2 Income Tax Recognised In Other Comprehensive Income

(₹ in Lakhs)

Particulars	2017-18			2016-17		
	Amount	Tax (expense) / benefit	Net of tax	Amount	Tax (expense) / benefit	Net of tax
Remeasurements of defined benefit liability	46	(16)	30	22	(7)	15

32.3 Reconciliation With Effective Tax Rate

The Income tax expense for the year can be reconciled to the accounting profit as follows

(₹ in Lakhs)

Particulars	Effective Tax Rate		Amount	
	2017-18	2016-17	2017-18	2016-17
Profit Before Tax			39,802	37,690
Tax using the Group's domestic tax rate	34.61%	34.61%	13,775	13,044
Effect of deductions under Chapter VI-A of the Income Tax Act, 1961	(12.55%)	(12.14%)	(4,994)	(4,576)
Effect of non-deductible expenses and others	3.30%	1.73%	1,313	651
	25.36%	24.19%	10,094	9,119
Adjustments recognised in the current year in relation to the current tax of prior years	0.58%	(0.42%)	232	(159)
MAT Credit Entitlement	(0.07%)	(3.77%)	(28)	(1,420)
Deferred Tax for Current Year	1.17%	3.89%	466	1,468
Effective Tax Rate	**27.04%**	23.90%	**10,764**	9,008

32.4 Movement In Deferred Tax Liabilities :

(₹ in Lakhs)

Particulars	Balance as at 01.04.2016	Recognised in P&L during 2016-17	Recognised in OCI during 2016-17	Balance as at 31.03.2017	Recognised in P&L during 2017-18	Recognised in OCI during 2017-18	Balance as at 31.03.2018
Property, Plant and Equipment	5,863	(320)	-	5,543	254	-	5,797
Unabsorbed depreciation loss	-	1,781	-	1,781	196	-	1,977
Employee benefits payable	12	-	7	19	-	16	35
	5,875	**1,461**	**7**	**7,343**	**450**	**16**	**7,809**

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

I. Contingent Liabilities

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
(a) Claims against the Group not acknowledged as debts #		
(i) Demand Notice from Indian Bank towards prepayment charges. The same has been contested in writ filed before the High Court of Judicature at Madras which has restrained Indian Bank from applying proceeds of TUF subsidy towards its demand for prepayment charges. The case is pending disposal.	82	82
(ii) Income Tax demands	835	2,077
(iii) Central Excise demands	4	6
(iv) Service Tax demands	-	28
(b) Bank Guarantees in favour of parties		
(i) Tamil Nadu Generation and Distribution Corporation [TANGEDCO]	164	164
(ii) Tamil Nadu Pollution Control Board	15	15
(iii) IDBI Capital Makets & Securities Limited - Buyback	2,581	-
(iv) Tata Power Trading Company Limited	72	-
(v) Bank Note Paper Mill India Private Limited	50	32
(vi) New Tirupur Area Water Development Corporation Limited	58	58
(c) Letter of Credit Facility in favour of Suppliers		
(i) Foreign Letter of Credit	9,629	7,595
(d) Discounted sales invoices	1,624	2,563

Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities

II.Commitments

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
(a) Capital Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	910
(b) Other Commitments Export obligations against the import licenses taken for import of capital goods under the Export Promotion on Capital Goods Scheme and advance license scheme for import of raw material. The duty implication involved is ₹ 746 Lakhs (Pr. Yr. ₹ 2,194 Lakhs)	4,448	24,171

34. Disclosure with respect to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 28, 2008 which recommends that the Micro, Small and Medium Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number in accordance with the Micro, Small and Medium Development Act, 2006. In this regard, the Group had circulated letters to suppliers about their coverage under the said Act. Since there was no response from suppliers, necessary disclosures as required under section 22 of the Micro, Small and Medium Development Act, 2006 have not been made in the consolidated financial statements. Further, in view of the Management, the impact of interest, if any that may be payable in accordance with the provisions of this Act is not expected to be material. The Group has not received any claim for interest from any such supplier as at the balance sheet date.

35. Corporate Social Responsibility Expenditure

The gross amount required to be spent by the Group during the year towards Corporate Social Responsibility (CSR) as per the provision of section 135 of the Companies Act, 2013 amounts to ₹ 600 lakhs (Pr.Yr. ₹ 465 lakhs). Amount spent during the year on CSR activities (included in Note 30 of the Statement of Profit and Loss) as under:

(₹ in Lakhs)

Particulars	For the year Ended	
	31.03.2018	31.03.2017
Promotion of Education	600	458
Ensuring Environmental Sustainability	-	6
Rural developmental projects	-	1
Total	**600**	465

36. Financial Instruments
Accounting Classification and Fair Values:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

31.03.2018 **(₹ in Lakhs)**

Particulars	Carrying amount				Fair value
	Mandatorily at FVTPL - Others	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	
Financial assets measured at fair value					
Investments	1,202	-	-	1,202	Level 1
Financial assets not measured at fair value					
Trade receivables	-	41,964	-	41,964	-
Cash and cash equivalents	-	2,052	-	2,052	-
Other bank balances	-	1,129	-	1,129	-
Other financial assets	-	6,937	-	6,937	-
Financial liabilities not measured at fair value					
Borrowings	-	-	61,896	61,896	-
Trade payables	-	-	25,499	25,499	-
Other financial liabilities	-	-	4,673	4,673	-

31.03.2017 **(₹ in Lakhs)**

Particulars	Carrying amount				Fair value
	Mandatorily at FVTPL - Others	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	
Financial Assets not measured at fair value					
Trade receivables	-	34,073	-	34,073	-
Cash and cash equivalents	-	3,910	-	3,910	-
Other bank balances	-	854	-	854	-
Other financial assets	-	6,759	-	6,759	-
Financial Liabilities not measured at fair value					
Borrowings	-	-	68,514	68,514	-
Trade payables	-	-	16,602	16,602	-
Other financial liabilities	-	-	11,724	11,724	-

For those financial assets and liabilities, which are not carried at its fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

Capital Management

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 16, 19 and 21 off set by cash and bank balances) and total equity of the Group.

The Group is not subject to any externally imposed capital requirements.

The Group's net debt to equity ratio as at March 31, 2018 was as follows

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
Debt *	64,774	77,902
Less : Cash and Bank Balances *	3,181	4,764
Net Debt	61,593	73,138
Total equity	1,56,998	1,28,596
Net Debt to Equity Ratio	39.23%	56.87%

* Debt is defined as long-term borrowings, short-term borrowings and current maturities of long term borrowings as described in Notes 16, 19 and 21. Cash and Bank balances include cash and cash equivalents and other bank balances as described in Notes 10 and 11.

Financial Risk Management

Risk Management Framework

The Group's corporate treasury function provides services to the business, co-ordinates access to domestic and International financial markets, monitors and manages the financial risk relating to the operation of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivatives financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instrument, including derivative financial instruments, for speculative purposes

A. Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of holding of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group's sales and purchases activities expose it primarily to the financial risk of changes in foreign currency exchange rates. The Group enters into plain vanilla forward contracts to manage its exposure to foreign currency risk.

Details of hedged and unhedged foreign currency exposures

(a) Outstanding forward exchange contracts for hedging purposes as on 31.03.2018

Currency	Cross Currency	Amount (₹ in Lakhs)	Buy / Sell
USD	INR	275 (13,913)	Buy Buy
USD	INR	37,757 (11,895)	Sell Sell
EURO	INR	4,586 (2,740)	Sell Sell
GBP	INR	9,083 (6,189)	Sell Sell

Note: Figures in brackets relates to the previous year

(b) The year-end unhedged foreign currency exposures are given below *

As at 31.03.2018		As at 31.03.2017	
Receivables / (Payables)		Receivables / (Payables)	
(₹ in Lakhs)	FC in Lakhs	(₹ in Lakhs)	FC in Lakhs
4,358	$67	6,890	$106
1,631	€ 20	629	€ 9
977	£11	974	£12

* Includes firm commitments

Sensitivity Analysis :

Sensitivity analysis is carried out for un-hedged foreign exchange risk as at March 31, 2018. For every 1% strengthening of Indian Rupees against all relevant uncovered foreign currency transactions profit before tax would be impacted by loss of approximately Rs.64 lakhs. Similarly, for every 1% weakening of Indian Rupee against these transactions, there would be an equal and opposite impact on the profit before tax.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

Interest rate exposure

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
Non-current borrowings	15,861	21,136
Current borrowings	46,035	47,378
Other financial liabilities (Refer Note 21)	2,878	9,388
Total	**64,774**	**77,902**

Sensitivity analysis:

Sensitivity analysis is carried out for floating rate borrowings as at March 31, 2018. For every 1% increase in average interest rates, profit before tax would be impacted by loss of approximately Rs.51 lakhs. Similarly, for every 1% decrease in average interest rates , there would be an equal and opposite impact on the profit before tax. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

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

Equity price risk

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

B. Credit risk management

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

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

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
Trade receivables	41,964	34,073

Trade receivables:

The Group mitigates credit risk by strict receivable management, procedures and policies. The Group has a dedicated independent team to review credit and monitor collection of receivables. In addition, the Group mitigates credit risk substantially through availment of credit insurance for both domestic and export buyers.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue. Further, the management believes that unimpaired amounts that are past due by more than 90 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to customers that have defaulted on their payments to the Group are not expected to be able to pay their outstanding dues, mainly due to economic circumstances.

The concentration of credit risk is limited due to the customer base being large and unrelated. Further, the Group constantly evaluates the quality of trade receivable and provides allowance towards doubtful debts based on expected credit loss model.

Cash and cash equivalents :

The Group held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of the banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

C Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

All current financial liabilities are repayable within one year. The contractual maturities of non current financial liabilities are disclosed in Note 19.

37. Related Party Disclosures

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

37.1 Name of related parties and nature of relationships

Key Management Personnel	Sri K.P.Ramasamy Sri KPD Sigamani Sri P.Nataraj Sri C.R.Anandakrishnan Sri E.K.Sakthivel
Relatives of Key Management Personnel	Smt D.Geetha (Daughter of Sri.KPD Sigamani)
Enterprises owned by key management personnel/Directors or their relatives	M/s K.P.R.Developers Limited M/s K P R Cements Private Limited M/s K P R Holdings Private Limited M/s K P R Agro Farms Private Limited M/s K P R Charities

37.2 Transactions during the year and the balance outstanding at the balance sheet date

(₹ in Lakhs)

Nature of Transaction	Enterprises owned by key management personnel / Directors or their relatives	Key Management Personnel	Relatives to Key Management Personnel	Total as on 31/03/2018
Lease Rent Paid	- -	1 (1)	- -	1 (1)
Remuneration / Salary	- -	2,661 (2,733)	6 (6)	2,667 (2,739)
Donation	300 (300)	- -	- -	300 (300)
Corporate Social Responsibility	600 (465)	- -	- -	600 (465)
Amount Payable	- -	1,479 (1,652)	- -	1,479 (1,652)

Note : Figures in bracket relate to the previous year

37.3 Details of transactions with related parties

a. Lease Rent Paid

(₹ in Lakhs)

Name	2017-18	2016-17
Sri. K.P. Ramasamy	0.19	0.19
Sri. KPD. Sigamani	0.18	0.19
Sri. P. Nataraj	0.18	0.18
Total	**0.55**	0.56

b. Remuneration / Salary

(₹ in Lakhs)

Name	2017-18	2016-17
Sri. K.P. Ramasamy	873	897
Sri. KPD. Sigamani	873	897
Sri. P. Nataraj	873	897
Sri. C.R. Anandakrishnan	24	24
Sri. E.K. Sakthivel	18	18
Smt. D. Geetha	6	6
Total	**2,667**	2,739

c. Donations

(₹ in Lakhs)

Name	2017-18	2016-17
M/s.K.P.R.Charities	300	300
Total	**300**	300

d. Corporate Social Responsibility

(₹ in Lakhs)

Name	2017-18	2016-17
M/s.K.P.R.Charities	600	465
Total	**600**	465

e. Amount Payable

(₹ in Lakhs)

Name	2017-18	2016-17
Sri. K.P. Ramasamy	481	546
Sri. KPD. Sigamani	503	538
Sri. P. Nataraj	495	568
Total	**1,479**	1,652

38 Earnings Per Share (EPS)

(₹ in Lakhs)

Particulars	2017-18	2016-17
Profit for the year attributable to the equity	29,038	28,697
Weighted average number of equity shares *	7,38,95,784	7,51,80,524
Face Value Per Share (in ₹)	5	5
Earnings Per Share - Basic & Diluted (in ₹)	39.30	38.17

* Workings for Weighted Average Number of Equity Shares.

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

(₹ in Lakhs)

Particulars	2017-18	2016-17
Opening Balance	7,38,95,784	7,53,65,784
Effect of Shares bought back during the year	-	(1,85,260)
Weighted Average Number of Equity Shares	**7,38,95,784**	7,51,80,524

During the previous year Company bought back 14,70,000 shares of fully paid-up equity shares of the face value of ₹ 5/- each through "Tender Route" process at a price of ₹ 660 per equity share. (refer Note 48)

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

39 Goodwill on Consolidation

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
Opening Balance	70	70
Add: on acquisition of subsidiaries during the year	-	-
Add/Less : Exchange difference during the year translation of Goodwill of foreign subsidiaries	-	-
	70	70
Less: on disposal of subsidiaries during the year	-	-
Less: Impairment	-	-
Closing Balance	**70**	70

40 Segment Reporting

The Group has classified its operations primarily into three segments viz., Textile, Sugar and Others based on 'Management Approach' as defined in Ind-AS 108.

(₹ in Lakhs)

40.1

Particulars	For the year ended 31.03.2018				
	Textile	Sugar	Others	Eliminations	Total
Revenue	2,66,678 (2,51,069)	26,506 (19,084)	9,258 (11,507)	- -	3,02,442 (2,81,660)
Inter-segment revenue	- -	- -	- -	- -	- -
Total	2,66,678 (2,51,069)	26,506 (19,084)	9,258 (11,507)	- -	3,02,442 (2,81,660)
Segment result	35,684 (34,481)	2,608 (452)	90 (8)	- -	38,382 (34,941)
Unallocable expenses (net)	- -	- -	- -	- -	- -
Operating income	- -	- -	- -	- -	38,382 (34,941)
Other income (net)	- -	- -	- -	- -	1,420 (2,749)
Profit before taxes	- -	- -	- -	- -	39,802 (37,690)
Tax expense	- -	- -	- -	- -	10,764 (9,008)
Profit for the year	- -	- -	- -	- -	29,038 (28,682)

Note: Figures in bracket relate to the previous year

(₹ in Lakhs)

40.2

Particulars	For the year ended 31.03.2018			
	Textile	Sugar	Others	Total
Segment Assets	2,05,346 (1,96,020)	43,202 (35,380)	3,655 (4,749)	2,52,203 (2,36,149)
Unallocable Assets	- -	- -	- -	3,012 (2,986)
Total Assets	- -	- -	- -	2,55,215 (2,39,135)
Segment Liabilities	73,272 (91,865)	20,425 (13,427)	2,073 (3,281)	95,770 (1,08,573)
Unallocable Liabilities	- -	- -	- -	2,447 (1,966)
Total Liabilities	- -	- -	- -	98,217 (1,10,539)
Other information Capital Expenditure	5,652 (30,424)	54 (10)	12 (84)	5,718 (30,518)
Depreciation and Amortization	11,108 (12,087)	2,751 (2,729)	126 (123)	13,985 (14,939)
Capital Employed (Segment asset - Segment Liabilities)	1,32,074	22,777	1,582	1,56,998

Note : Figures in bracket relate to the previous year

41 Geographical information on revenue and assets:

Revenue from sale of products and services by Geographic Location of Customers (₹ in Lakhs)

Particulars	2017-18	2016-17
India	1,74,516	1,69,146
Overseas	1,14,249	1,01,508
Total	**2,88,765**	2,70,654

Segment Assets by Geographic Location of Assets (₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
India	2,33,058	2,22,031
Overseas (constitutes trade receivables)	22,157	17,104
Total	**2,55,215**	2,39,135

42 Operating Lease Disclosure

The Group has taken Office space on lease for a period of 9 years with option to renew and with escalation in rent once in three years with lock-in period of three years. Lease rent for the year ended 31st March, 2018 amounted to ₹ 225 Lakhs (Pr. Yr. ₹ 236 Lakhs).

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
Minimum lease payments not later than one year	236	229
Later than one year but not later than five years	250	369
More than five years	-	-

43 Disclosure of Employee Benefits

43.1. Defined Contribution Plans

(₹ in Lakhs)

Particulars	2017-18	2016-17
Provident Fund	1267	1903
Employee State Insurance	916	719

43.2. Defined Benefit Plan - Gratuity

The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. The Group's obligation towards Gratuity is a defined benefit plan and the details of actuarial valuation as at the year-end are given below:

Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined (asset) / liability and its components.

A. Changes in present value of Obligation		
PV of obligation as at the beginning of the year	**480**	**404**
Current Service Cost	104	86
Interest Cost	37	12
Benefits paid	(2)	-
Actuarial (gains) losses recognised in other comprehensive income	-	-
changes in financial assumptions	(46)	(22)
Balance at end of the year	**573**	**480**
B. Reconciliation of fair value of Plan Assets		
Fair value of plan asset as at beginning of the year	473	381
Present value of plan asset as at the end of the year	34	35
Actuarial (gains) losses recognised in other comprehensive income	-	-
Benefits paid	(2)	-
Contributions by the employer	90	57
FV of Plan Asset as at end of the year	**595**	**473**
C. Net Asset/(Liability) recognized in the Balance Sheet		
Present value of obligation as at end of the year	573	480
Fair value of plan asset as at end of the year	595	473
Funded Status [Surplus/(Deficit)]	**22**	**(7)**
D. Expense recognized in the Consolidated Statement of Profit and Loss		
Current Service Cost	104	86
Interest Cost	37	12
Expected return on Plan Assets	(34)	(35)
	107	**63**
E. Remeasurement recognised in other comprehensive income		
Actuarial (gains) losses on defined benefit obligation	(46)	(22)
Actuarial (gains) losses on plan assets	-	-
	(46)	**(22)**
F. Actuarial Assumptions		
Discount Rate (per annum)	7.73%	8.00%
Rate of increase in compensation levels (per annum)	7.00%	7.50%
Rate of return on plan assets (per annum)	7.73%	8.00%
Expected average remaining working lives of employees (years)	29.68-30.33	27.80 - 30.51

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market.

44 Details of unquoted current investments

(₹ in Lakhs)

Particulars	31.03.2018		31.03.2017	
	Units	Amount	Units	Amount
Reliance Mutual Fund	28,345.19	1202	-	-
Total	**28,345.19**	**1202**	-	-

45 Statement pursuant to general exemption received under section 129(3) of the Companies Act, 2013 relating to Subsidiary Companies.

2017-18

(₹ in Lakhs)

Particulars	Quantum Knits Private Limited	K.P.R.Sugar Mill Limited	Galaxy Knits Limited	Jahnvi Motor Private Limited
Share Capital	10	583	5	193
Reserves & Surplus	2,039	27,518	(1)	553
Total Assets	2,057	77,748	4	3,649
Total Liabilities	8	49,647	-	2,903
Investments (Excluding investment in subsidiaries)	-	-	-	-
Turnover	-	78,916	-	9,258
Profit / (Loss) Before Tax	(34)	8,826	-	80
Provision for Tax	(6)	2,295	-	16
Profit After Tax	(28)	6,531	-	64
Proposed Dividend	-	-	-	-
% of Share Holding	100	100	100	100

2016-17

(₹ in Lakhs)

Particulars	Quantum Knits Private Limited	K.P.R.Sugar Mill Limited	Galaxy Knits Limited	Jahnvi Motor Private Limited
Share Capital	10	583	5	193
Reserves & Surplus	2,067	21,018	(1)	489
Total Assets	2,086	77,430	4	4,749
Total Liabilities	9	55,829	-	4,067
Investments (Excluding investment in subsidiaries)	-	-	-	-
Turnover	408	63,844	-	11,507
Profit / (Loss) Before Tax	87	6,588	-	10
Provision for Tax	45	1,781	-	(7)
Profit After Tax	42	4,807	-	17
Proposed Dividend	-	-	-	-
% of Share Holding	100	100	100	100

46. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statement to Schedule III to the Companies Act, 2013.

(₹ in Lakhs)

Name of the Entity	Net Assets, i.e., Total Assets minus Total Liabilities		Share of Profit or Loss		Share in other comprehensive income		Share in total other comprehensive income	
	As % of consolidated Net Assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total OCI	Amount
Parent								
K.P.R.Mill Limited	81.22%	1,33,672	77.41%	22,497	100.00%	30	77.00%	22,527
Subsidiaries - Indian								
1. M/s Quantum Knits Private Limited	1.25%	2,049	(0.10%)	(28)	-	-	0.00%	(28)
2. M/s K.P.R.Sugar Mill Limited	17.08%	28,101	22.47%	6,531	-	-	22.00%	6,531
3. M/s Jahnvi Motor Private Limited	0.45%	746	0.22%	64	-	-	0.00%	64
4. M/s Galaxy Knits Limited	0.00%	4	0.00%	-	-	-	0.00%	-
Less : Eliminations	-	(7,574)	-	(26)	-	-	-	(26)
	100.00%	**1,56,998**	**100.00%**	**29,038**	**100.00%**	**30**	**100.00%**	**29,068**

47. Events after reporting period :

a) During the period, after obtaining the approval of the Board of Directors in its meeting held on 22.02.2018, the Buyback of 13,35,000 Equity shares of ₹ 5/-(Representing 1.81% of the total number of paid up equity shares of the Company) from the shareholders of the Company on proportionate basis by way of tender offer route at a price of ₹ 810/- per share for an aggregate amount of ₹ 10,814 Lakhs was initiated in accordance with the provisions of the Companies Act, 2013 and SEBI Buyback of Securities Regulations, 1998. The same was completed on 13.04.2018.

b) The Board has recommended a Final Dividend of 15% (₹ 0.75/- per share of the face value of ₹ 5/- each) for the year 2017-18 subject to the approval of the Shareholders in Annual General Meeting.

48. Buyback of Shares

14,70,000 Equity Shares of ₹ 5/- each (Representing 1.95% of the total number of paid up equity shares of the Company) was bought back on 13.02.2017 from the shareholders of the Company on proportionate basis through tender offer at a price of ₹ 660/- per share for an aggregate amount of ₹ 9,702 Lakhs in accordance with the provisions of the Companies Act, 2013 and the SEBI (buyback of Securities) Regulations, 1998.

The notes from 1 to 48 are an integral part of these consolidated financial statements.

For and on behalf of the Board of Directors of
K.P.R. Mill Limited
CIN : L17111TZ2003PLC010518

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

K.P. Ramasamy
Chairman
DIN : 00003736

KPD Sigamani
Managing Director
DIN : 00003744

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

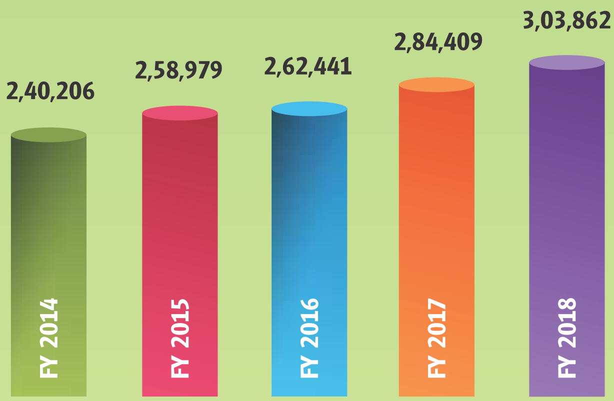
S. Sethuraman
Partner
Membership No. : 203491

PL Murugappan
Chief Financial Officer

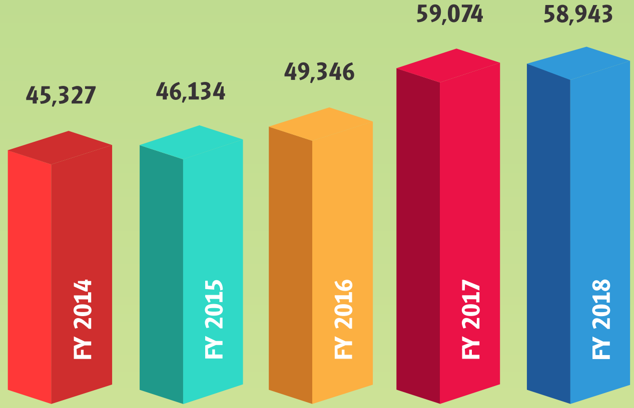
P. Kandaswamy
Company Secretary

Place : Coimbatore
Date : 30.04.2018

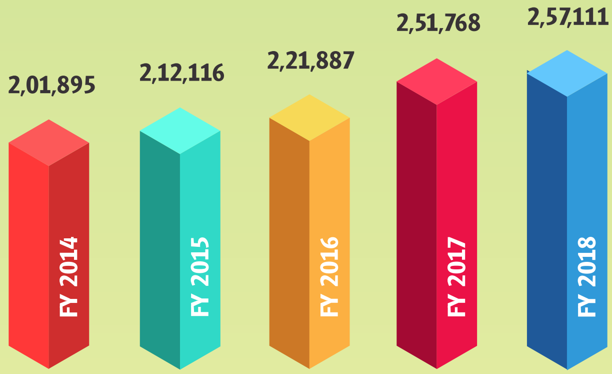
Place : Coimbatore
Date : 30.04.2018



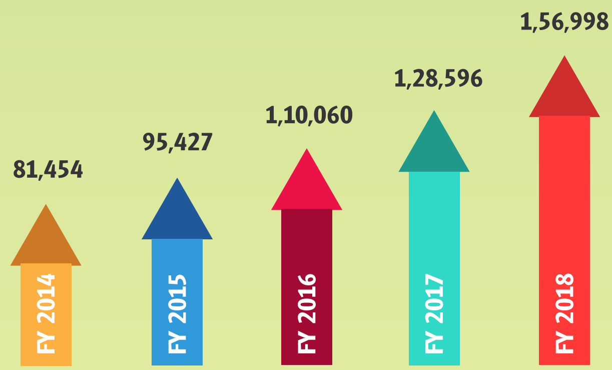
Turnover (₹ in Lakhs)



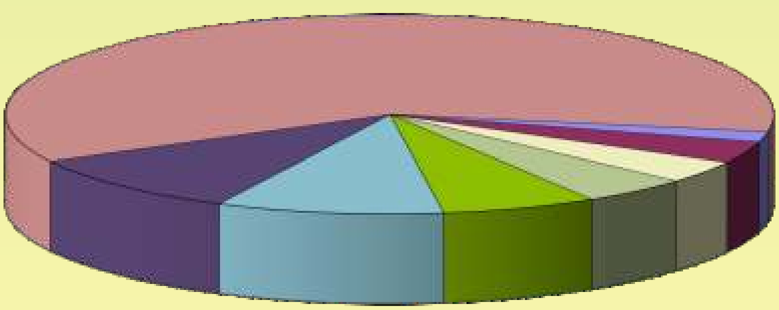
EBITDA (₹ in Lakhs)



Investments in Fixed Assets (₹ in Lakhs)



Net Worth (₹ in Lakhs)



Distribution of Earnings

Raw Material	60.59%
Finance Charges	1.70%
Tax	3.54%
Power	3.63%
Depreciation	4.60%
Other Exp	6.51%
PAT	9.56%
Employee Cost	9.88%

Corporate Office :

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