

Quantum KNITS PVT. LIMITED

NOTICE

Notice is hereby given that the Seventh Annual General Meeting of Quantum KNITS PVT. LIMITED will be held on Friday the 19th August 2016 at SF. No.181, Kollupalayam, Arasur, Coimbatore - 641 407 at 09.00 AM to transact the following business:

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.P.Nataraj who retires by rotation and being eligible offers himself for re-appointment.
3. To declare dividend on Equity Shares.
4. To appoint Auditors and to fix their remuneration.

Special Business:

4.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 the Audit Committee the remuneration of ₹ 25,000/- (Rupees Twenty Five Thousand Only) (plus service tax and out of pocket expenses if any for the purpose of audit) payable to Mr.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 2017 be and is hereby ratified and confirmed.

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

ITEM NUMBER: 4

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Mr. B. Venkateswar, Cost Accountant, (M. No: 27622), as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ending March 31, 2017, at a remuneration of Rs.25,000 (Rupees Twenty Five Thousand Only) per annum excluding service tax and out of pocket expenses, if any. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor has to be ratified by the Shareholders and hence the resolution under Item 4 is placed for your approval.

FOR AND ON BEHALF OF THE BOARD

Coimbatore
19/04/2016



K.P.Ramasamy
Chairman

Note:

A Member entitled to attend and vote at the Meeting is entitled to appoint one or more Proxy (ies) to attend and vote instead of himself and a Proxy need not be a Member of the Company. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the commencement of the Meeting.

DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT:

Name of the Director	Mr.P.Nataraj
Date of Birth	04/08/1957
Date of Appointment	03/06/2009
Expertise in specific functional area	Mr.P.Nataraj , has over two decades of experience in the apparel industry, including the production & marketing of cotton yarn, hosiery fabric, knitted apparel, and dyeing of fabric. He is also experienced in internal control, project implementation and tax planning. He is the Managing Director of Holding Company M/s. K.P.R.Mill Limited since 19.03.2003 and manages its financial functions and also oversees the entire commercial activities of its spinning divisions. Mr.P.Nataraj is a Member in 'Cotton Yarn Advisory Board' constituted by the Government of India and a Director of Confederation of Indian Textile Industry (CITI). He is the Deputy Chairman of South India Mills Association (SIMA) and the Vice-President of Indian Cotton Federation.
Qualification	F.C.A
Directorship held in other public Companies (Excluding foreign and private companies)	K.P.R. Mill Limited K.P.R Developers Limited K.P.R. Sugar Mill Limited Galaxy Knits Limited
Chairmanship/Membership of Committees in other Indian Public Companies	Member – Audit Committee – K.P.R. Mill Limited Member – Stakeholders Relationship Committee – K.P.R. Mill Limited Member – Audit Committee – K.P.R. Sugar Mill Limited
Shares in the Company – No.of Shares	1
Relationship between Directors inter-se	Brothers: Mr. K.P.Ramasamy Mr. KPD Sigamani

QUANTUM KNITS PRIVATE LIMITED-DIRECTORS' REPORT-2015-16

Dear Shareholders,

We take pleasure in presenting the Report on our Business and Operations for the Year ended 31st March 2016.

FINANCIAL RESULTS

₹ In Lakhs

Particulars	2015-16	2014-15
Sales and Other Income:-		
Domestic Sales	1,843	674
Export Sales	8,185	17,816
Other Income	1,246	2,527
	11,274	21,017
Profit before Interest & Depreciation	2,028	2498
Less : Interest	49	477
Depreciation	3	3
Profit Before Tax	1,976	2,018
Less : Taxation:-		
Provision for Current Tax	696	686
Current Tax related to earlier years	1	(5)
Deferred Tax Liability	8	-
Profit After Tax	1,271	1337

REVIEW OF OPERATIONS

During the year under review, the Company registered a Revenue of Rs.112.74 Crores and a Net Profit of Rs.12.71 Crores. Garment sector plays a vital role in Nation's export. Global retailers are stepping up sourcing from India as other major destinations slip amidst concerns over compliance and labour issues.

OUTLOOK

The future outlook for the Indian textile industry, carrying competitive advantage, looks promising. The Government of India is also taking initiatives to attain further growth, since Textiles is one of the key Industries contributing considerably to the Nation's economy. With major Importing countries such as Europe, US are bouncing back, the trend continues to be favourable.

DIVIDEND

Considering the favourable cash flow your Directors at its meeting held on 09th March 2016 had declared an interim Dividend of Rs.1000 per equity share of Rs.10 each. The Board in its meeting held on 09th March 2016 has recommended that the aforesaid Interim Dividend may be confirmed as entire dividend on equity share for the financial year 2015-16.

SHARE CAPITAL

During the year the Company has not issued any shares.

FINANCE

The continued support from the Bankers enabled smooth working capital flow. During the year the company had borrowed further from HDFC Bank towards its working capital requirements.

DEPOSITS

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

DIRECTORS

Mr.P.Nataraj retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. Your Directors recommend his reappointment. The details of Mr.P.Nataraj is furnished in the Notice of the ensuing Annual General Meeting.

Mr.M.J.Vijayaraaghavan, Director passed away on 10.06.2015. Taking note of his association and sane advice, the Board placed on record the invaluable services rendered by him as a Senior Director.

Familiarization Program on the Company and its operations 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 down in Section 149(6) have been obtained.

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.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & 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 Act, the Board of Directors of the Company hereby state and confirm that;

- I. In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- II. The Directors had 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 had taken proper and sufficient care for the maintenance of adequate record in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. The Directors had arranged preparation of the accounts for the financial year ended March 31, 2016 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.

COMMITTEES:

During the year the Company has constituted the following Committee with the Members indicated therein;

- I. Corporate Social Responsibility Committee
 1. Mr.K.P.Ramasamy -Chairman
 2. Mr.KPD Sigamani - Non-Independent Director
 3. Mr.P.Nataraj - Non-Independent Director
 4. Dr.S.Ranganayaki- Independent Director

The Company has reconstituted the following Committees with the Members indicated therein;

- I. Audit Committee:
 1. Mr.G.P.Muniappan - Independent Director- Chairman
 2. Dr.S.Ranganayaki- Independent Director
 3. Mr.P.Nataraj – Non-Independent Director
- II. Nomination and Remuneration Committee
 1. Mr.G.P.Muniappan - Independent Director - Chairman
 2. Dr.S.Ranganayaki- Independent Director
 3. Mr.P.Nataraj – Non-Independent Director

POLICIES:

In pursuance of the Act the following policies have been framed

- I. Nomination & Remuneration Policy
- II. Related Party Transaction Policy
- III. Whistle Blower Policy consisting of Vigil Mechanism
- IV. Corporate Social Responsibility Policy
- V. Risk Management Policy.

RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Act, 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.

CSR EXPENDITURE

During the year, in pursuance of the recommendations of the CSR Committee, the Company has contributed Rs.17.00 Lakhs being 2% of the average 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 Seven times during the financial year. They were held on 27.04.2015, 16.07.2015, 28.07.2015, 24.09.2015, 19.10.2015, 14.01.2016 and 09.03.2016.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

There were no loans, guarantees or investments made by the Company under Section 186 of the Act, during the year under review and hence the said provision is not applicable.

RELATED PARTY TRANSACTIONS :

The Company has during the year under review, has not entered into the transactions with business entities in which Directors are interested, other than the transactions with Holding Company and another wholly owned subsidiary of our Holding Company entered in the ordinary course of Business and are on arm's length basis, which are not applicable to the provision of Section 188 of the Companies Act, 2013.

MANAGERIAL REMUNERATION CRITERIA:

In pursuance of the Act, None of the Directors received any remuneration or commission from the Company.

PARTICULARS OF EMPLOYEES:

No Employee or Director or KMP is in receipt of any remuneration pursuant to Section 197 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and hence no reporting is required.

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. Suitable mechanism under the aforesaid Act is in place at the Company's work place for adherence.

AUDITOR & AUDITOR'S REPORT:

M/s.Deloitte Haskins & Sells, Coimbatore, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting and is eligible for re-appointment. The Auditor's Report to the Shareholders does not contain any qualification remarks

EXTRACT OF ANNUAL RETURN:

Pursuant to section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 forms part of this Report

DISCLOSURE ON COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The Audit Committee consists of majority 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 Company has established a vigil mechanism and overseas through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. Direct access to the Chairman of the Audit Committee is available for reporting issues concerning the interests of co employees and the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

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.

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 2016-17.

ACKNOWLEDGEMENT:

Your Directors thank the Government Authorities, Capital Goods Suppliers, Holding Company, Project Consultants, Bankers for their support & co-operation and the Employees at all level for their dedicated involvement

FOR AND ON BEHALF OF THE BOARD

Coimbatore
19/04/2016


K.P.Ramasamy
Chairman

ANNEXURE TO DIRECTOR'S REPORT

A) CONSERVATION OF ENERGY

i) ENERGY CONSERVATION MEASURES TAKEN – Not Applicable

B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in Lakhs)

Particulars		2015-16	2014-15
i) Foreign Exchange earned through Exports amount to	₹	8185.07	17815.56
ii) Foreign Exchange used	₹	498.42	783.32

Form No.MGT-9 - QKPL

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON
31.03.2016

*[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]*

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U18101TZ2009PTC015251
ii.	Registration Date	03/06/2009
iii.	Name of the Company	Quantum Knits Private Limited
iv.	Category/Sub-Category of the Company	Private Company / Indian Non-Government Company
v.	Address of the Registered office and contact details	SF.no. 181, Kollupalayam Village, Arasur, Coimbatore – 641 407 Ph: 0422-2635550, Fax: 0422-2635555 Mail: info@quantumknits.com
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Garment	18101	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name And Address Of The Company	CIN/GLN	Holding / Subsidiary / Associate	%of shares held	Applicable Section
1.	K.P.R. Mill Limited No.9, Gokul Buildings, Ist Floor, A.K.S. Nagar, Thadagam Road, Coimbatore – 641 001	L17111TZ2003 PLC010518	Holding	100%	2(46)

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

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during The year
	De mat	Physical	Total	% of Total Shares	De mat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	100000	100000	100	-	100000	100000	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
	-	100000	100000	100	-	100000	100000	100	-

Total(A)									
B. Public Shareholding									
Total Public Shareholding (B)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	100000	100000	100	-	100000	100000	100	-

ii.Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledge	No. of Shares	% of total Shares of the company	% of Shares Pledge / encu	% change in share holding during
1.	K.P.R Mill Limited	99996	99.99	-	99,996	99.99	-	-
2.	K.P. Ramaswamy	1	0.00	-	1	0.00	-	-
3.	KPD. Sigamani	1	0.00	-	1	0.00	-	-
4.	P.Nataraj	1	0.00	-	1	0.00	-	-
5.	P.Selvakumar	1	0.00	-	1	0.00	-	-
	Total	100000	100	-	100000	100	-	-

Note: Beneficial Interest in shares held by Shareholders under Sl.no 2 to 9 vests with K.P.R. Mill Limited, the Holding Company

iii.Change in Promoters' Shareholding: No Change

INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

				Rs in Lakhs
Particulars	Secured Loan	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the FY				
i) Principal Amount	-		-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the FY				
Addition	1000.00	-	-	1000.00
Reduction	120.65		-	120.65
Net Change	879.35	-	-	879.35
Indebtedness at the end of the FY				
i) Principal Amount	879.35	-	-	879.35
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	879.35	-	-	879.35

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

None of the Directors or the Key Managerial Personnel receive any remuneration from the Company.

VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

The Company has not paid any penalties, received any punishments or went for Compounding of any offences.

Quantum KNITS PVT LTD – Annual Report on CSR

Annexure to Director's Report

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.

Corporate Social responsibility (CSR) refers to business practices that involve participating in initiatives that benefit society. The Company has framed CSR Policy and the activities under the Policy are those covered under the ambit of Schedule VII of the Companies act 2013. As and when the website for the Company is created, the policy will be uploaded there in. CSR projects are subject to audit.

1. The Composition of the CSR Committee.

The composition of the Committee is as follows:

- 1 Mr. K.P.Ramasamy – Director
- 2 Mr. K.P.D.Sigamani – Director
- 3 Mr. P. Nataraj – Director
- 4 Dr.S.Ranganayaki – Independent Director

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

Rs.831 Lakhs

3. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)

Rs.17 Lakhs

4. Details of CSR spent during the financial year.

During the Financial year funds were utilised towards promotion of education and making available of Safe Drinking water etc., directly.

5. Total amount to be spent for the financial year;

Rs. 17 Lakhs

6. Amount unspent, if any;

NIL

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

Rs. 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 or program. 2.Overhead	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
1	Promotion of Education	Education	Arasur, Coimbatore District Tamil Nadu.	Rs.7.00	Rs.7.00 Direct Expenditure	Rs.7.00	Direct - Rs.7.00
2	Safe Drinking Water	Making available of safe drinking water	Thekkalur, Tirupur District, Tamil Nadu.	Rs. 10.00	Rs.10.00 Direct Expenditure	Rs.10.00	Direct- Rs.10.00
	TOTAL			Rs.17.00	Rs.17.00	Rs.17.00	Rs.17.00

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


P.Nataraj
Director


K.P.Ramasamy
Chairman
CSR Committee

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM KNITS PRIVATE LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **QUANTUM KNITS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31.03.2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the 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 financial statements are free from material misstatement.



Deloitte Haskins & Sells

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31.03.2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on 31.03.2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31.03.2016 from being appointed as a director in terms of Section 164 (2) of the Act.



Deloitte Haskins & Sells

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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 financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts;
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
2. 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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.008072S)



A handwritten signature in black ink, appearing to read "Rajagopal".

C.R. Rajagopal
Partner
(Membership No.23418)

Place: Coimbatore
Date: 19 April 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **QUANTUM KNITS PRIVATE LIMITED** ("the Company") as of 31.03.2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the 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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

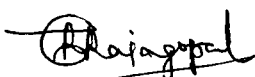
Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31.03.2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)



Place: Coimbatore
Date: 19 April, 2016


C.R. Rajagopal
Partner
Membership No. 23418)

Deloitte Haskins & Sells

ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements"
Section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) Some of the fixed assets were physically verified by the Management during the year in accordance with a regular programme of verification which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of CARO 2016 Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence compliance with the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended with regard to the deposits accepted is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for Textile. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



Deloitte Haskins & Sells

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Value Added Tax, Cess and other material statutory dues in arrears as at 31.03.2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Value Added Tax which have not been deposited as on 31.03.2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.in Lakhs)	Amount Unpaid (Rs.in Lakhs)
Tamil Nadu Value Added Tax, 2006	Value Added Tax	Joint Commissioner (Commercial Taxes), Coimbatore	2012-13	4.92	4.92
Tamil Nadu Value Added Tax, 2006	Value Added Tax	Joint Commissioner (Commercial Taxes), Coimbatore	2013-14	1.15	1.15
Tamil Nadu Value Added Tax, 2006	Value Added Tax	Additional Commissioner (RP), Chennai	2013-14	4.89	4.89

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable

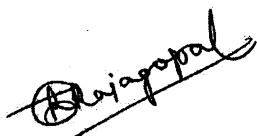


Deloitte Haskins & Sells

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.008072S)




C.R. Rajagopal
Partner
(Membership No.23418)

Place: Coimbatore
Date: 19 April 2016

QUANTUM KNITS PRIVATE LIMITED
BALANCE SHEET AS AT 31.03.2016

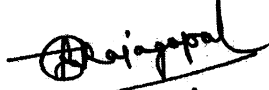
	Note	As at 31.03.2016	As at 31.03.2015
(₹ in Lakhs)			
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	10	10
(b) Reserves and Surplus	4	2,025	1,958
		2,035	1,968
2 Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	5	8	-
		8	-
3 Current Liabilities			
(a) Short-Term Borrowings	6	879	-
(b) Trade Payables	7	21	70
(c) Other Current Liabilities	8	7	7,082
(d) Short-Term Provisions	9	126	66
		1,033	7,218
		3,076	9,186
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	52	55
		52	55
(b) Long-Term Loans and Advances	11	1,821	-
		1,873	55
2 Current Assets			
(a) Inventories	12	-	355
(b) Trade Receivables	13	993	1,413
(c) Cash and Bank Balances	14	194	615
(d) Short-Term Loans and Advances	15	12	6,512
(e) Other Current Assets	16	4	236
		1,203	9,131
		3,076	9,186

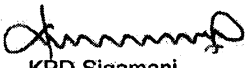
See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

"In terms of our report attached"
For Deloitte Haskins & Sells
Chartered Accountants


K.P. Ramasamy
Chairman


C.R. Rajagopal
Partner


KPD Sigamani
Director


P. Nataraj
Director

Coimbatore
19.04.2016

Coimbatore
19.04.2016



QUANTUM KNITS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31.03.2016

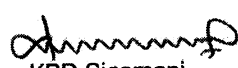
(₹ in Lakhs)

	Note	Year Ended	
		31.03.2016	31.03.2015
I. Revenue from Operations (Gross)	17	11,263	20,926
Less: Excise Duty		-	-
Revenue from Operations (Net)	18	11,263	20,926
II. Other Income		11	91
III. Total Revenue (I+II)		11,274	21,017
IV. Expenses			
Purchase of Stock-in-Trade	19	8,587	17,542
Changes in Inventories of Stock in Trade	20	355	472
Employee Benefits Expense	21	156	147
Finance Costs	22	49	477
Depreciation and Amortization Expense	10	3	3
Other Expenses	23	148	358
Total Expenses		9,298	18,999
V. Profit Before Tax (III-IV)		1,976	2,018
VI. Tax Expense			
Current Tax Expense for Current Year		696	686
Current Tax Expense relating to Prior Years		1	(5)
Deferred Tax Expense		8	-
Net Tax Expenses		705	681
VII. Profit for the Year (V-VI)		1,271	1,337
VIII. Earnings per equity share of ₹ 10 each			
1. Basic & Diluted (in ₹)		1,271	1,337

See accompanying notes forming part of the financial statements
For and on behalf of the Board of Directors

"In terms of our report attached"
For Deloitte Haskins & Sells
Chartered Accountants


K.P. Ramasamy
Chairman


KPD Sigamani
Director

Coimbatore
19.04.2016


P. Nataraj
Director




C.R. Rajagopal
Partner

Coimbatore
19.04.2016

QUANTUM KNITS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

PARTICULARS		Year Ended 31.03.2016	Year Ended 31.03.2015
		(₹ in Lakhs)	
CASH FLOW FROM OPERATING ACTIVITIES		1,976	2,018
Profit Before Tax		3	3
Adjustments for:		49	477
Depreciation and amortisation expense		(2)	(2)
Finance Costs			
Interest Income			
Operating profit before Working Capital changes		2,026	2,496
Changes in Working Capital:			
Adjustments For (Increase) / Decrease in Operating Assets:		355	481
Inventories		420	2,984
Trade Receivables		6,500	(6,116)
Short-Term Loans and Advances		(1,821)	
Long-Term Loans and Advances		232	724
Other Current Assets			
Adjustments for Increase / (Decrease) in Operating Liabilities:		879	(6,036)
Short-Term Borrowings		(49)	(204)
Trade Payables		(7,075)	7,046
Other Current Liabilities		1,467	1,375
Cash Generated from Operations		(637)	(614)
Net Income Tax (Paid)	(A)	830	761
Net Cash flow from Operating Activities			
CASH FLOW FROM INVESTING ACTIVITIES		2	2
Interest Receipts	(B)	2	2
Net Cash flow from Investing Activities			
CASH FLOW FROM FINANCING ACTIVITIES		(49)	(477)
Finance Costs Paid		(1,000)	-
Dividend Paid		(204)	-
Tax on Dividend	(C)	(1,253)	(477)
Net Cash flow used in Financing Activities		(421)	286
Net Increase in Cash and Cash Equivalents	(A+B+C)	615	329
Add: Opening Cash and Cash Equivalents		194	615
Closing Cash and Cash Equivalents			
Reconciliation of Cash and cash equivalents with the Balance Sheet:		194	615
Cash and Bank Balances (Refer Note 14)		194	615
Closing Cash and Cash Equivalents			
Closing Cash and Cash Equivalents Comprises:		1	1
(a) Cash on Hand			
(b) Balance with Banks:		193	465
i) In Current Accounts		0	122
ii) In EEFC Accounts		0	27
iii) In Deposit Accounts		194	615

See accompanying notes forming part of the financial statements
For and on behalf of the Board of Directors

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

K.P.Ramasamy
Chairman

KPD Sigamani
Director

Coimbatore
19.04.2016

P.Nataraj
Director



C.R.Rajagopal
Partner

Coimbatore
19.04.2016

1 Company Overview

Quantum Knits Private Limited is a wholly owned Subsidiary Company of K.P.R.Mill Limited. The Company deals in Readymade Garments. It is incorporated as a Private Limited Company under the Companies Act, 1956.

2 Significant Accounting Policies

A) BASIS OF ACCOUNTING

(i) The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable.

(ii) The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The financial statements have been prepared on accrual basis under the historical cost convention.

B) USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

C) INVENTORIES

Inventories are valued at the lower of cost (e.g. on FIFO / specific identification method) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

D) 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.

E) CASH FLOW STATEMENT

Cash flow 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.

F) DEPRECIATION

Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule II of the Companies Act, 1956, except 1) Plant & Machinery @ 10.34% and 2) Electricals @ 7.07% based on useful life ascertained for such asset through technical assessment by competent Professional.

G) REVENUE RECOGNITION

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Sale of Service and revenue from sale of windmill power are recognised when services are rendered and related costs are incurred.

H) OTHER INCOME

Dividend Income is recognised when right to receive the income is established. Interest income is recognised on time proportion basis (accrual basis) taking into account the amount outstanding and rate applicable. Export incentives are accounted for in the year of exports based on eligibility and expected amount on realisation.

I) FIXED ASSETS

i) Fixed assets and intangibles are stated at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost includes all costs relating to acquisition and installation of fixed assets including any incidental costs of bringing the assets to their working condition for their intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.



Capital work-in-progress

ii) Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

J) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Initial recognition : Transactions in Foreign Currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transactions or at rates that closely approximate the rate at the date of the transaction or at the forward contract rate for the transaction.

Measurement at the balance sheet date : Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Accounting for forward contracts : 'Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

K) RETIREMENT BENEFITS

(a) Short Term

Short term employee benefits are charged off at the undiscounted amount during the year in which the related service is rendered by employees.

(b) Long Term Post Retirement

Post Retirement Benefits comprise of Provident Fund and Gratuity which are accounted for as follows:

i) Provident Fund

This is a defined contribution plan, and contributions made to the Fund are charged to Revenue. The Company has no further obligations for future provident fund benefits other than monthly contributions.

L) BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

M) SEGMENT REPORTING

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

N) EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.



O) TAXATION

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves and not in the Statement of Profit and Loss.

P) IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent amount was previously charged to the Statement of Profit & Loss except in case of revalued assets.

Q) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

R) INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

S) SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

T) OPERATING CYCLE

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.



QUANTUM KNITS PRIVATE LIMITED
Notes forming part of the Financial Statements

			As at 31.03.2016	As at 31.03.2015
			(₹ in Lakhs)	
3	SHARE CAPITAL			
	Authorised			
	1,00,000 (Pr.Yr 1,00,000) Equity Shares of ₹10 each with voting rights		10	10
			10	10
	b) Issued, Subscribed & Fully Paid up			
	1,00,000 (Pr.Yr 1,00,000) Equity Shares of ₹10 each fully paid-up with voting rights		10	10
			10	10
3.1	Terms / Rights to Shares			
	Equity Shares:			
	The Company has issued only one class of equity shares having a face value of ₹ 10 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.			
	During the year, the amount of per share interim dividend paid to equity shareholders was ₹ 1,000 per share (31st March 2015: ₹ Nil) and per share final dividend recommended for distribution to equity shareholders is ₹ Nil (31st March 2015: ₹ Nil).			
	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 per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.			
3.2	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 31.03.2016		For the Year Ended 31.03.215
	Particulars	Number of Shares	(₹ in Lakhs)	Number of Shares (₹ in Lakhs)
	At the beginning of the year	1,00,000	10	1,00,000 10
	Changes during the year	-	-	-
	Outstanding at the end of the year	1,00,000	10	1,00,000 10
3.3	Details of Shares held by Holding Company			
	Particulars	Number of Shares	%	Number of Shares %
	M/s K P R Mill Limited	1,00,000	100	1,00,000 100
	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.			
3.4	Details of Shareholders holding more than 5% shares in the company			
	Particulars	Number of Shares	%	Number of Shares %
	M/s K P R Mill Limited	1,00,000	100	1,00,000 100



QUANTUM KNITS PRIVATE LIMITED
Notes forming part of the Financial Statements

	As at 31.03.2016	As at 31.03.2015
	(₹ in Lakhs)	
4 RESERVES AND SURPLUS		
General Reserve	3	3
Opening Balance	127	-
Transfer from Surplus in the Statement of Profit and Loss	130	3
Closing Balance		
Surplus in Statement of Profit and Loss	1,955	618
Opening Balance	1,271	1,337
Add: Profit for the year		
Less:	1,000	-
Interim Dividend	204	-
Tax on Interim Dividend		
Transfer to :	127	-
General Reserve	1,331	-
	1,895	1,955
Closing Balance	2,025	1,958
5 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
Deferred Tax Assets	8	-
ii) Disallowance under Income Tax	8	-
Closing Balance	-	-
Opening Balance	8	-
Net Deferred Tax Charge		
6 SHORT TERM BORROWINGS		
Loan repayable on demand		
From Banks (Secured)	879	-
Packing Credit	879	-
6.1 For Working capital loan, the first charge has been given to the respective lenders by way of hypothecation of inventories and book debts. The Holding Company issued a Corporate Guarantee amounting to ₹ 13,000 Lakhs (Pr. Yr. ₹ 15,000 Lakhs) towards working capital facility.		
6.2 The Company has not defaulted in its repayments of the loans and interest for the period.		



QUANTUM KNITS PRIVATE LIMITED
Notes forming part of the Financial Statements

	As at 31.03.2016	As at 31.03.2015
	(₹ in Lakhs)	
7 TRADE PAYABLES		
Total outstanding dues of creditors other than micro and small enterprises:		
Other than Acceptances (Refer Note 26)	21	70
	21	70
8 OTHER CURRENT LIABILITIES		
Advance from Customers	4	7,069
Statutory remittances (Contributions to PF & ESIC, With holding tax, Excise duty, VAT, Service tax, Etc.,)	3	13
	7	7,082
9 SHORT TERM PROVISIONS		
Provision - Others	126	66
Provision for Income Tax *	126	66
* Net of Advance Tax Paid ₹ 570 Lakhs (Pr Yr ₹ 620 Lakhs)		



QUANTUM KNITS PRIVATE LIMITED

(₹ in Lakhs)

10. FIXED ASSETS

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION AND IMPAIRMENT				NET BLOCK	
	Balance as at 1 April, 2015	Additions	Disposals	Balance as at 31 March, 2016	Balance as at 1 April 2015	Depreciation/Amortisation Expense For the Year	Eliminated on disposal of assets	Balance as at 31 march, 2016	Balance as at 31 march, 2016	Balance as at 31 march, 2015
Plant & Machinery	60	-	-	60	5	3	-	8	52	55
	60			60	2	3	-	5	55	58
TOTAL	60	-	-	60	5	3	-	8	52	55
	60	-	-	60	2	3	-	5	55	58

Previous Year figures are shown in Italics



QUANTUM KNITS PRIVATE LIMITED
Notes forming part of the Financial Statements

	As at 31.03.2016	As at 31.03.2015
	(₹ in Lakhs)	
11 LONG TERM LOANS AND ADVANCES		
Unsecured and Considered good	1,821	-
Advance for Purchases	1,821	-
12 INVENTORIES		
Stock-in-trade	-	355
	-	355
13 TRADE RECEIVABLES		
Unsecured and Considered good	993	1,413
Others	993	1,413
14 CASH AND BANK BALANCES		
(a) Cash on Hand	1	1
(b) Balance with Banks	193	465
i) In Current Accounts	-	122
ii) In EEFC Accounts	-	27
iii) In Deposit Accounts	194	615
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 194 Lakhs (Pr.Yr. ₹ 615 Lakhs).		
15 SHORT TERM LOANS AND ADVANCES		
Unsecured and Considered good	11	12
Loans and Advances to Employees	-	5
Balances with Government Authorities	1	6,493
i) VAT Credit Receivable	-	2
Advance for Purchases	-	2
Others (Primarily prepaid expenses)	12	6,512
16 OTHER CURRENT ASSETS:		
a) Others	4	236
Income Receivables	4	236



QUANTUM KNITS PRIVATE LIMITED**Notes Forming part of the Financial Statements**

(₹ in Lakhs)

		Year Ended	
		31.03.2016	31.03.2015
17	<u>REVENUE FROM OPERATIONS</u>		
	Sale of Products (Refer Note 17.1)	10,028	18,487
	Sale of Service (Refer Note 17.2)	-	3
	Other Operating Revenues (Refer Note 17.3)	1,235	2,436
	Revenue from Operations (Gross)	11,263	20,926
	Less : Excise Duty	-	-
		11,263	20,926
17.1	<u>Sale of Products</u>		
	Garment	10,028	18,487
		10,028	18,487
17.2	<u>Sale of Service</u>		
	Fabrication Income	-	3
		-	3
17.3	<u>Other Operating Revenues</u>		
	Export Incentives	675	1,703
	Others	560	733
		1,235	2,436
18	<u>OTHER INCOME</u>		
	Interest from		
	Bank Deposits	2	2
	Miscellaneous Income	9	89
		11	91
19	<u>PURCHASE OF STOCK IN TRADE</u>		
	Yarn, Fabric & Garments	7,972	16,651
	Production Expenses	209	151
	Trims, Packing & Others (Consumption)	406	740
		8,587	17,542



QUANTUM KNITS PRIVATE LIMITED
Notes Forming part of the Financial Statements
(₹ in Lakhs)

		Year Ended	
		31.03.2016	31.03.2015
20	<u>CHANGES IN INVENTORIES OF STOCK IN TRADE</u>		
	a) Inventories at the beginning of the year		
	Stock in Trade	355	827
		355	827
	b) Inventories at the end of the year		
	Stock In Trade	-	355
		-	355
	Net (Increase) / Decrease	355	472
21	<u>EMPLOYEE BENEFITS EXPENSE</u>	151	143
	Salaries & Wages	5	4
	Contribution to Provident & Other Funds		
		156	147
22	<u>FINANCE COSTS</u>		
	Interest Expense on		
	Working Capital Loans	6	402
	Others	43	75
		49	477
23	<u>OTHER EXPENSES</u>		
	<u>Manufacturing Expenses</u>		
	Consumption of Stores & Packing materials	-	2
	<u>Repairs and Maintenance</u>		
	Machinery	-	3
	<u>Administration Expenses</u>		
	Professional Fees	9	19
	Payment to Auditors (Refer Note 25)	3	3
	Travelling Expenses	-	4
	Expenditure on Corporate Social Responsibility	17	-
	Bad Debts Written Off	-	3
	General Expenses	14	33
	<u>Selling Expenses</u>		
	Freight & Forwarding	100	285
	Sales Commission	-	4
	Other Selling Expenses	5	2
		148	358



QUANTUM KNITS PRIVATE LIMITED
Notes forming part of the Financial Statements

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

Particulars	₹ in Lakhs	
	As at 31 March, 2016	As at 31 March, 2015
Contingent Liabilities :		
(a) Disputed Liabilities in Appeal:		
(i) Income Tax demands	2,857	2,857
(ii) Sales Tax demands	11	10

₹ in Lakhs		
Particulars	2015-16	2014-15
Audit Fees	3	3
Expenses (incl. Service Tax)		0
Total	3	3

26 Micro, Small and Medium Enterprises

In accordance with the Notification No: G.S.R.679 (E) dated 04.09.2015 issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Development Act, 2006. The Company is in the process of compiling relevant information of its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in these Financial Statements. However, in the considered view of the management and as relied upon by the auditors, impact of interest, if any that may be payable in accordance with the provisions of this Act is not expected to be material.

27 Related Party disclosures

Disclosures under Accounting Standard 18 – Related Party Disclosure, as identified and disclosed by the management and relied upon by the Auditors:

27.1 Name of related parties and nature of relationships:

Holding Company	M/s. K.P.R.Mill Limited
Key Management Personnel	Sri K.P.Ramasamy Sri KPD Sigamani Sri P.Nataraj
Relatives of Key Managerial Personnel	Sri C.R.Anandakrishnan (Son of Sri K.P.Ramasamy) Sri E.K.Sakthivel (Daughter's Husband of Sri.KPD Sigamani) 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 Jahnvi Motors Private Limited M/s K.P.R.Charities M/s K.P.R.Sugar Mill Limited

27.2 Transactions during the year with related parties / Key Management Personnel are as under

Nature of Transaction	₹ in Lakhs		
	Enterprises owned by key management personnel / Directors or their relatives	Holding Company	Total as on 31/03/2016
Purchase of Goods / Assets	7,764 (10,017)	- (6,207)	7,764 (16,224)
Sales of Goods / Assets	560 (481)	- (252)	560 (733)
Amount Receivable	1,822 (6,436)	- -	1,822 (6,436)
Amount Payable	- -	- (7,066)	- (7,066)

Note: Figures in brackets relates to the previous year



27.3 Details of transactions with related parties

a. Purchase of goods / Assets

₹ in Lakhs

Name	2015-16	2014-15
M/s.K.P.R.Mill Limited	-	6,207
M/s.K.P.R.Sugar Mill Limited	7,764	10,017
	7,764	16,224

b. Sale of goods

₹ in Lakhs

Name	2015-16	2014-15
M/s.K.P.R.Mill Limited	560	252
M/s.K.P.R.Sugar Mill Limited	-	481
	560	733

d. Amount Receivable

₹ in Lakhs

Name	2015-16	2014-15
M/s.K.P.R. Sugar Mill Limited	1,822	6,436
	1,822	6,436

e. Amount Payable

₹ in Lakhs

Name	2015-16	2014-15
M/s.K.P.R. Mill Limited	-	7,066
	-	7,066

28 Expenditure in Foreign Currency and CIF Value of Imports

(₹ in Lakhs)

Particulars	2015-16	2014-15
Travel, sales commission etc.,	2	7
Value of imports on CIF basis		
Raw Material	496	776
Total	498	783

29 Earnings in Foreign Exchange

(₹ in Lakhs)

Particulars	2015-16	2014-15
Export of Goods at FOB value	8,185	17,816
Total	8,185	17,816

30 Earnings Per Share (EPS)

Particulars	2015-16	2014-15
Profit After Tax (Rs.in Lakhs)	1272	1337
Weighted average number of Shares	1,00,000	1,00,000
EPS (₹) Basic & Diluted	1272.00	1337.00
Face Value Per Share (₹)	10	10

31 Segment Reporting

The Company is mainly engaged in the business of garments. Considering the nature of business and financial reporting of the Company, the Company has only one business segment viz; textile as reportable segment. The Company operates in Domestic and Export segments geographically. The sales and assets for both is separately given, but due to the nature of business the liabilities and expenses for these activities cannot be bifurcated separately.



(₹ in Lakhs)

31.1 Geographic Segment	Sales		Receivables	
	2015-16	2014-15	2015-16	2014-15
Europe	7,953	16,980	681	1,070
Asia	232	531	27	98
Others	-	305	-	-
Domestic	1,843	671	285	245
Total	10,028	18,487	993	1,413

32 Details of hedged and unhedged foreign currency exposures:

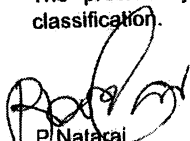
(i) Outstanding forward exchange contracts for hedging purposes as on 31st March, 2016:

Currency	Cross Currency	Amount (₹ in Lakhs)	Buy / Sell
USD	INR	-	Sell
		(3,645)	Sell
EURO	INR	-	Sell
		(2,810)	Sell
GBP	INR	-	Sell
		(4,895)	Sell

Note: Figures in brackets relates to the previous year

33 Previous Year's Figures

The previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.


P. Nataraj
Director

