

# B S R & Co. LLP

Chartered Accountants

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The Board of Directors  
K.P.R. Mill Limited  
No.9, Gokul Buildings, 1st Floor,  
A.K.S Nagar, Thadagam Road,  
Coimbatore – 641 001.

February 07, 2022

Dear Sirs / Madam,

**Subject: Independent Auditor's report in respect of proposed buyback of equity shares by K.P.R. Mill Limited as per the Companies Act, 2013 (the "Act"), as amended and Clause (x) of Schedule I to the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended**

1. This Report is issued in accordance with the terms of our engagement letter dated January 27, 2022. The Board of Directors of K.P.R. Mill Limited ("the Company") have approved a proposed buy-back of Equity Shares by the Company at its meeting held on February 07, 2022, in pursuance of the provisions of Section 68, 69 and 70 of the Companies Act, 2013 ("the Act") read with the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended ("SEBI Buy-back Regulations").
2. The accompanying Statement of permissible capital payment (including premium) ('Annexure A') as at March 31, 2021 (hereinafter referred to as the "Statement") is prepared by the Management of the Company, which we have initialed for identification purposes only.

#### **Management's Responsibility for the Statement**

3. The preparation of the Statement in accordance with Section 68(2) of the Act and ensuring compliance with Section 68, 69 and 70 of the Act and SEBI Buy-back Regulations, is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

#### **Auditors' Responsibility**

4. Pursuant to the requirements of the SEBI Buy-back Regulations, it is our responsibility to provide a reasonable assurance whether:
  - (i) we have inquired into the state of affairs of the Company in relation to the audited standalone financial statements of the Company for the year ended March 31, 2021;
  - (ii) the amount of the permissible capital payment (including premium) as stated in Annexure A for the proposed buy-back of equity shares is properly determined considering the audited standalone financial statements in accordance with Section 68(2) of the Act and SEBI Buy-back Regulations, as applicable; and



Principal Office:

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

- (iii) the Board of Directors of the Company in their meeting dated February 07, 2022, have formed the opinion as specified in clause (x) of Schedule I to the SEBI Buy-back Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of passing the board resolution dated February 07, 2022.
5. Our engagement involves performing procedures to obtain sufficient appropriate evidence on the above reporting. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the above reporting. Within the scope of our work, we performed the following procedures:
- i) Examined that the amount of permissible capital payment (including premium) for the buy back as detailed in Annexure A is in accordance with the provisions of Section 68(2) of the Act;
  - ii) Examined authorization for buyback from the Articles of Association of the Company;
  - iii) Inquired into the state of affairs of the Company with reference to the audited standalone financial statements for the year ended March 31, 2021;
  - iv) Verified the arithmetical accuracy of the amounts mentioned in Annexure A;
  - v) Examined the Board of Directors' declarations for the purpose of buyback and solvency of the Company; and
  - vi) Obtained appropriate representations from the Management of the Company.
6. The audited standalone financial statements referred to in paragraph 4 above and the audited consolidated financial statements referred to in Annexure A, which we have considered for the purpose of this report, have been audited by us, on which we have issued an unmodified audit opinion vide our report dated April 28, 2021. Our audits of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. 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.
9. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

#### **Opinion**

10. Based on our performance of the aforesaid procedures, we report that:
- (i) we have inquired into the state of affairs of the Company with reference to its audited standalone financial statements as at and for the year ended March 31, 2021;
  - (ii) the Board has proposed to buyback the Company's equity shares upto an aggregate amount not exceeding INR 18,882 lakhs ("Buyback Offer Size") at a price not exceeding INR 805/- per equity share ("Buyback Offer Price"). The amount of permissible capital payments (including premium) towards the proposed buyback of equity shares as computed in Annexure A, has been properly determined in accordance with Section 68(2) of the Act; and



## **B S R & Co. LLP**

(iii) the Board of Directors of the Company in their meeting held on February 07, 2022 have formed their opinion, as specified in clause (x) of Schedule I to the SEBI Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of passing of the board meeting resolution dated February 07, 2022.

11. Based on the representations made by the Management, and other information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we are not aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned in the declaration is unreasonable in circumstances as at the date of declaration.

### **Restriction on use**

12. This report has been issued at the request of the Company solely for use of the Company in relation to the proposed buyback in accordance with the provisions of the Act and SEBI Buyback Regulations (i) to enable the Board of Directors of the Company to include in the public announcement, draft letter of offer, letter of offer and other documents pertaining to buy-back to be sent to the shareholders of the Company or filed with (a) the Registrar of Companies, Securities and Exchange Board of India, stock exchanges, public shareholders and any other regulatory authority as per applicable laws and (b) the Central Depository Services (India) Limited, National Securities Depository Limited and (ii) for providing to the manager, each for the purpose of extinguishment of equity shares and may not be suitable 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 report is shown or into whose hands it may come without our prior consent in writing.

*For B S R & Co. LLP*

*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022



**K Sudhakar**

Partner

Membership No.: 214150

UDIN: 22214150AASWOK9711

Place: Chennai

Date: February 07, 2022

# K.P.R. MILL LIMITED

Corporate Office : 1<sup>st</sup> Floor Srivari Shrimat, 1045, Avinashi Road, Coimbatore - 641018. India © : 0422-2207777 Fax : 0422-2207778

## Annexure A – Statement of permissible capital payment (including premium)

Computation of amount of permissible capital payment (including premium) towards buyback of equity shares of K.P.R. Mill Limited in accordance with proviso to Section 68(2) of the Companies Act, 2013 (the “Act”) and Regulation 4(i) and proviso to Regulation 5(i)(b) of the SEBI Buyback Regulations (‘the Statement’):

Particulars	Amount in INR lakhs as at March 31, 2021	
	Standalone*	Consolidated \$
Paid up equity share capital (344,050,000 equity shares of INR 1 each, fully paid up) ^ [A]	3,441	3,441
Free reserves #:		
- Securities premium account	15,233	19,096
- General reserve	24,716	24,845
- Retained earnings	145,437	185,515
<b>Total free reserves [B]</b>	<b>185,386</b>	<b>229,456</b>
<b>Total [A + B]</b>	<b>188,827</b>	<b>232,897</b>
Maximum amount permissible for buyback as per the Act and SEBI Buy-back Regulations (i.e. 10% of aggregate of fully paid up equity share capital and free reserves as per audited standalone financial statements as of and for the year ended March 31, 2021)	18,882	
Amount proposed by Board resolution dated February 07, 2022, approving the buyback	18,000	

\* The amounts have been extracted from the audited standalone financial statements of the Company as at and for the year ended March 31, 2021 which has been approved by the Board of Directors in their meeting held on April 28, 2021.

^ Pursuant to the approval of the shareholders at the Annual General Meeting of the Company held on September 09, 2021, one equity share of INR 5 each fully paid up was sub-divided into five equity shares of INR 1 each fully paid up, with effect from the record date, i.e., September 27, 2021. Consequent to the above, 68,810,000 equity shares of INR 5 each fully paid up were sub-divided into 344,050,000 equity shares of INR 1 each fully paid up.

# Free reserves as per sub clause 43 of Section 2 and explanation II to Section 68 of the Act.

\$ These balances have been extracted from the audited consolidated financial statements of the Company as at and for the year ended March 31, 2021 which has been approved by the Board of Directors in their meeting held on April 28, 2021. These balances have been disclosed in the table above for information purpose only and not used as the basis for computation of maximum amount permissible for buyback as per the Act and SEBI Buy-back Regulations.

For K.P.R. Mill Limited

  
P. Nataraj

Chief Executive Officer and Managing Director

Place: Coimbatore

Date: February 7, 2022

Signed for identification purposes only

  
B S R & Co. LLP