



K.P.R. MILL LIMITED

Regd. Office : No. 9, Gokul Buildings, 1st Floor, A.K.S. Nagar,
Thadagam Road, Coimbatore - 641 001.

NOTICE OF THE 8th ANNUAL GENERAL MEETING

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 8th Annual General Meeting of the Members of the Company will be held on **Thursday, the 28th July, 2011 at 11.30 A.M. at Ball Room, Hotel The Residency, 1076 Avinashi Road, Coimbatore - 641 018** to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and the Auditors' thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Sri. M.J. Vijayaraaghavan who retires by rotation and being eligible, offers himself for appointment.
4. To appoint a Director in the place of Sri. Shujaat Khan who retires by rotation and being eligible, offers himself for appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

RESOLVED that pursuant to Article 42 of the Articles of Association of the Company and in conformity with the provisions of Section 262 of the Companies Act 1956, Sri.A.M.Palanisamy, who was appointed as a Director by the Board of Directors in its Meeting held on 22.02.2010 in the casual vacancy and in respect of whom, the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a Member proposing his candidature be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

RESOLVED that pursuant to Article 41 of the Articles of Association of the Company and in conformity with the provisions of Section 260 of the Companies Act, 1956, Sri.C.Thirumurthy, who was appointed as an Additional Director of the Company by the Board of Directors in its Meeting held on 31.01.2011 and who holds office upto the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

RESOLVED that pursuant to Article 41 of the Articles of Association of the Company and in conformity with the provisions of Section 260 of the Companies Act, 1956, Sri.C.R.Anandakrishnan, who was appointed as an Additional Director of the Company by the Board of Directors in its Meeting held on 31.01.2011 and who holds office upto the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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 the Provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, the approval of the Company be and is hereby accorded to the appointment of Sri.C.R.Anandakrishnan as 'Executive Director' of the Company for a period of 5 years with effect from 01.02.2011 at a monthly remuneration of Rs.2,00,000/- (Rupees Two Lakhs only)-all inclusive.

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

RESOLVED that pursuant to the Provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the re-appointment of Sri. K.P.Ramasamy, as Whole-Time Executive Chairman of the Company, for a period of 5 years with effect from 1st April 2010, upon the Remuneration, Perquisites, Terms & Conditions as detailed in the Explanatory Statement under Section 173(2) of the Companies Act, 1956 annexed to the Notice convening the Meeting.

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

RESOLVED that pursuant to the Provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the re-appointment of Sri. KPD Sigamani, as Managing Director of the Company, for a period of 5 years with effect from 1st April 2010, upon the Remuneration, Perquisites, Terms & Conditions as detailed in the Explanatory Statement under Section 173(2) of the Companies Act, 1956 annexed to the Notice convening the Meeting.

12. **To consider and, if thought fit, to pass with or without modification(s), the following Resolution, as an Ordinary Resolution:**
RESOLVED that pursuant to the Provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the re-appointment of Sri. P.Natarej, as Managing Director of the Company, for a period of 5 years with effect from 1st April 2010, upon the Remuneration, Perquisites, Terms & Conditions as detailed in the Explanatory Statement under Section 173(2) of the Companies Act, 1956 annexed to the Notice convening the Meeting.
13. **To consider and, if thought fit, to pass with or without modification(s), the following Resolution, as a Special Resolution:**
RESOLVED that pursuant to the Provisions of Section 314 (1) (b) and other applicable provisions, if any, of the Companies Act 1956, and the Rules made thereunder including any statutory modifications or re-enactments thereof for the time being in force, consent of the Company be and is hereby accorded to Sri.E.K.Sakthivel, a relative of Sri.KPD Sigamani, Managing Director of the Company, to hold office or place of profit as 'Head-Operations' (Garment Division) Tirupur, for a period of 5 years from 1st May, 2011 to 30th April, 2016 at a monthly remuneration of Rs. 1,50,000/- p.m. (Rupees One Lakh Fifty Thousand only) – all inclusive.
14. **To consider and, if thought fit, to pass with or without modification(s), the following Resolution, as a Special Resolution:**
RESOLVED that pursuant to the Provisions of Section 314 (1) (b) and other applicable provisions, if any, of the Companies Act 1956, and the Rules made thereunder from time to time including any statutory modifications or re-enactments thereof for the time being in force, consent of the Company be and is hereby accorded to Mrs.D.Geetha, a relative of Sri.KPD Sigamani, Managing Director of the Company, to hold office or place of profit as 'Chief Executive Officer' (Garment Division) Tirupur, for a period of 5 years from 1st May, 2011 to 30th April, 2016 at a monthly remuneration of Rs. 1,50,000/- p.m. (Rupees One Lakh Fifty Thousand only) – all inclusive.
15. **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 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the Board of Directors of the Company to borrow monies from time to time, for and on behalf of the Company, notwithstanding that the aggregate of the monies proposed to be borrowed together with the monies, if any, already borrowed, might exceed the aggregate of the Paid-up Capital and Free Reserves of the Company at any time not exceeding the sum of Rs.2000 Crores (Rupees Two Thousand Crores Only) apart from temporary loans obtained from Company's Bankers in the ordinary course of business and in respect of such borrowals to create any security interest over any Assets / Properties / Undertaking / Interests of the Company, whether Movable or Immovable, Tangible or Intangible, present and / or future by way of Charge / Pledge / Mortgage / Hypothecation or otherwise as the Board may deem fit in favour of Banks / Financial Institutions / Bodies Corporate / Other persons.

Coimbatore
30/05/2011

By Order of the Board
K.P.Ramasamy
Chairman

Notes:

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, setting out the material facts in respect of special business is annexed hereto.
2. **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/HERSELF 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 FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. Members / Shareholders are requested to bring the duly filled-in attendance slip sent herewith and produce at the registration counters for admission to the Meeting Hall.
4. As a measure of economy, copies of Annual Reports will not be distributed at the venue of the Annual General Meeting. Members are, therefore, requested to bring their copies of the Annual Report to the Meeting.
5. In case you have any query relating to the enclosed Annual Accounts, you are requested to send the same to the Company Secretary at the Registered Office of the Company at least 10 days before the date of the Annual General Meeting so as to enable the Management to keep the information ready.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from 22/07/2011 to 28/07/2011 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend. The Dividend, if declared, at the Annual General Meeting, will be paid on 10th of August 2011 to those Shareholders who are entitled for the same.
7. Members are requested to intimate, indicating their DP ID/Client ID, the changes, if any, in their registered addresses, Bank particulars, to their respective Depository Participant (DP) in case the shares are held in demat form.
8. To facilitate implementing SEBI's mandate to remit Dividend etc., by Electronic mode to the investors, please UPDATE your Bank particulars indicating 9 Digit MICR Numbers with your Depository Participant immediately, failing which the Dividend will have to be sent by physical mode only.
9. The particulars of Directors to be appointed / re-appointed at this Annual General Meeting are given as Annexure.
10. **To support the Green Initiative of the Government, the Shareholders are requested to convey / update their e-mail address with their respective Depository Participant to enable the Company to forward documents to the Shareholders by e-mail.**

Coimbatore
30/05/2011

By Order of the Board
K.P.Ramasamy
Chairman

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956

Item No. 6

Sri.A.M.Palanisamy was appointed as a Director of the Company by the Board of Directors in its Meeting held on 22.02.2010, pursuant to Article 42 of the Articles of Association of the Company, and in conformity with the provisions of Section 262 of the Companies Act, 1956, in the Casual Vacancy arising out of the resignation of Sri.M.Ramji, and holds Office upto the date of the ensuing Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice in writing from a Shareholder proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with the required deposit amount.

A Resume of the Appointee is annexed to this Notice.

Your Directors commend the Resolution for the approval of the Members.

None of the Directors other than Sri. A.M.Palanisamy is in anyway concerned or interested in the Resolution.

Item No.7

Sri.C.Thirumurthy, B.Com, BL, FCS was appointed as an Additional Director of the Company by the Board of Directors in its Meeting held on 31.01.2011 pursuant to Section 260 of the Companies Act, 1956. Sri.C.Thirumurthy will hold his office upto the date of the ensuing Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice in writing from a Shareholder proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with the required deposit amount.

A Resume of the Appointee is annexed to this Notice.

Your Directors commend the Resolution for the approval of the Members.

None of the Directors other than Sri. C.Thirumurthy is in anyway concerned or interested in the Resolution.

Item No. 8 & 9

Sri.C.R.Anandakrishnan was appointed as an Additional Director of the Company by the Board of Directors in its Meeting held on 31.01.2011 pursuant to the provisions of Section 260 of the Companies Act, 1956. Sri.C.R.Anandakrishnan will hold office upto the date of the ensuing Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice in writing from a Shareholder proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with the required deposit amount.

As the Members are aware, after obtaining the consents of the Shareholders of the Company in its 6th Annual General Meeting and the Central Government under Section 314 (1B) of the Companies Act, 1956 Sri.C.R.Anandakrishnan, B.B.M., M.B.A. (Philadelphia) was functioning as President (Processing Unit) from 01.11.2008. In addition he has been looking after the Compact Spinning Expansion Project also.

Considering his profile, qualification, experience and active involvement in the Managerial activities since his appointment as such, the Board in its Meeting held on 31.01. 2011 had also appointed him as 'Executive Director' for a period of 5 years w.e.f. 31.01.2011 on a monthly remuneration as recommended by the 'Remuneration Committee' and detailed in the Resolution. As required by the provisions of 309 of the Companies Act, 1956, the appointment and remuneration of Whole-Time Director has to be approved by the Members of the Company. Hence, the Resolution is placed for your approval. He is the son of Sri.K.P.Ramasamy, Chairman of the Company.

A Resume of the Appointee is annexed to this Notice.

Your Directors commend the Resolution for the approval of the Members.

Except Sri.C.R.Anandakrishnan and Sri.K.P.Ramasamy, Chairman, none of the other Directors is in any way concerned or interested in the Resolution.

Item No: 10, 11 & 12

Upon a referral by the Board of Directors in its Meeting held on 27.07.2010, the Remuneration Committee considered the following towards revision in Managerial Remuneration to the Chairman and the Managing Directors in its Meeting held on 21.10.2010:

1. The various expansion and modernisation schemes implemented under their Dynamic Leadership enabling the Company to record all round progress and increase its Revenues substantially from Rs.498.99 Crores during 2006-2007 to Rs.837.09 Crores during 2009-10
2. The substantial growth in the volume of business and transactions vis-à-vis responsibility undertaken by the Managerial Personnel.
3. The present levels of Remuneration paid by other reputed Corporates.
4. The opinion received from an External Independent of Repute on the Quantum of Remuneration.

and recommended a revised Remuneration to the Managerial Personnel as stated below. Even though their earlier terms of appointment would be expiring on 08.01.2012 the Board of Directors unanimously decided to reappoint them for a period of 5 years with effect from 1st April 2010 on a revised Remuneration subject to the approval of Company in General Meeting.

The terms of Re-appointment and Remuneration payable to Sri.K.P. Ramasamy, Whole-Time Executive Chairman, Sri. KPD Sigamani, Managing Director and Sri.P.Nataraj, Managing Director, individually are set out below:

1. **Term of Re-appointment:** 5 years From 01.04.2010 to 31.03.2015

2. Remuneration:

I. Salary:

Rs.6,00,000/- (Rupees Six Lakhs only) per month or Rs.72,00,000/- (Rupees Seventy Two Lakhs only) per annum.

II. Provident Fund:

As per the Rules of the Company and as applicable to other employees of the Company. Contribution to Provident Fund, Superannuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

III. Gratuity:

As per the Rules of the Company and as applicable to other employees of the Company at a rate not exceeding half a month's salary for each completed year of service.

IV. Encashment of Leave:

Encashment of leave at the end of tenure as per the Rules of the Company.

V. Medical Reimbursement:

Medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of 3 years.

VI. Leave Travel Concession:

For self and family once in a year in accordance with the Rules of Company.

VII. Club fees:

Fees of clubs subject to a maximum of two clubs, excluding admission and life membership fees.

VIII. Car, Telephone at Residence:

Car with driver for use of the Company's business, Mobile Phone and Telephone at residence. Personal and long distance calls and use of car for private purpose shall be billed by the Company.

IX. Commission:

2% of the Net Profits of the Company arrived at as per Section 349 of the Companies Act, 1956.

The total Remuneration including allowances and perquisites shall not exceed the limits specified in Sections 198 & 309 of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956.

X. Minimum Remuneration:

In the event of absence or inadequacy of profits in any financial year during the tenure of their re-appointment, they shall be paid the above remuneration subject to the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.

As required by the provisions of Section 309 of the Companies Act, the reappointment and remuneration have to be approved by the Company in General Meeting. Hence the Resolutions are placed for your approval. Your Directors commend the Resolution for the approval of Members.

Resumes of the Appointees are annexed to this notice.

Except Sri.K.P.Ramasamy, Chairman, Sri.KPD Sigamani & Sri.P.Nataraj, Managing Directors and Sri.C.R.Anandakrishnan, Executive Director, none of the other Directors is in any way concerned or interested in the Resolutions.

Item No.13

Sri.E.K.Sakthivel, 28 Years, is a Post Graduate in Business Administration and has rich experience in Garment Industry. After obtaining the consent of the Company in the Annual General Meeting held on 19.08.2008, u/s 314 (1B) of the Companies Act, 1956, Sri.E.K.Sakthivel was appointed as 'Head-Operations' (Garment Division) Tirupur, w.e.f. 01.12.2007 at a Remuneration of Rs.5,40,000/- per annum and has been functioning as such, looking after the entire Marketing functions of the said Division right from procurement of orders till despatch. Since his appointment, the Garment Unit, Tirupur, has seen a rapid growth in the volume of Business and performance. Despite considerable increase in the responsibility shouldered by him, he has been drawing the said remuneration only, for the past 3 years. Considering the substantial growth in the activities managed by him, the Board in its Meeting held on 30.05.2011 revised the Remuneration as per the recommendation of the Selection Committee, subject to the Approval of the Company in General Meeting, pursuant to the provisions of Section 314 (1) (b) of the Companies Act, 1956, read with Director's Relative (Office or Place of Profit) Rules, 2003. Hence the Resolution is placed for your approval.

Except Sri. KPD Sigamani, Managing Director, none of the other Directors is in any way concerned or interested in the Resolution.

Item No.14

Mrs.D.Geetha, 25 years, is the Chief Executive Officer of the Garment Division, Tirupur, of the Company. She holds a Bachelor of Science degree in Information Technology from PSG College of Technology, Coimbatore. After obtaining the consent of the Company in the Extra Ordinary General Meeting held on 02.09.2005, u/s 314 (1B) of the Companies Act, 1956, Mrs.D. Geetha was appointed as 'Chief Executive Officer' (Garment Division) Tirupur, w.e.f. 05.09.2005 at a Remuneration of Rs. 4,32,000/- per annum and has been functioning as such, overseeing the day-to-day operations of the Garment Division, Tirupur, including General Administration, Accounting, Logistics, Production, Planning. Since then the Garment Division has been growing consistently. Considering the substantial growth in the activities managed by her, the Board in its Meeting held on 30.05.2011 revised the Remuneration as per the recommendation of the Selection Committee, subject to the Approval of the Company in General Meeting, pursuant to the provisions of Section 314(1) (b) read with Director's Relative (Office or Place of Profit) Rules, 2003. Hence the Resolution is placed for your approval.

Except Sri.KPD Sigamani, Managing Director, none of the other Directors is in any way concerned or interested in the Resolution.

Item no. 15

At the Annual General Meeting of the Company held on September 15, 2006, the Members empowered the Board of Directors under Section 293 (1) (d) and other applicable provisions of the Companies Act, 1956 to borrow monies for the purposes of the business of the Company up to a limit of Rs.1000 Crores and to create charge over the Properties of the Company in favour of the Lenders up to the said limit.

Keeping in view the Company's expanded activities and growth plans, it is considered desirable to increase the said borrowal and security creation limit to Rs.2000 Crores as outlined in the Resolution. In terms of the provisions of Section 293 (1) (d) and other applicable provisions of the Companies Act, 1956, approval of the Members is being sought for such increase in limits through this Resolution.

Your Directors commend the Resolution for the approval of Members. None of the Directors of the Company is in any way, concerned or interested in the said Resolution.

Coimbatore
30/05/2011

By Order of the Board
K.P. Ramasamy
Chairman

ANNEXURE TO NOTICE
Details of Directors seeking appointment / re-appointment at the Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Sri.M.J.Vijayaaraghavan	Sri.Shujaat Khan	Sri.A.M.Palanisamy	Sri.C.R.Anandakrishnan	Sri.C.Thirumurthy
Date of Birth	03.08.1932	18.01.1970	15.08.1950	03.09.1977	16.04.1959
Date of appointment	05.10.2006	14.11.2006	22.02.2010	31.01.2011	31.01.2011
Expertise in specific functional area	Sri. M.J. Vijayaaraghavan, an Independent Director, is a Chartered Accountant with over four decades of experience. He is a senior partner of M.S. Jagannathan & Visvanathan, Chartered Accountants, who are the Statutory Auditors of Leading Companies located in Coimbatore, Bangalore and in the State of Kerala. He is also a partner in S.V.Visvanathan & Co., Chartered Accountants since 1992 and in M.S. Jagannathan & Co.,	Sri. Shujaat Khan, MBA from Harvard University, is the nominee of 'Ares Investments' on the Board. He has over 18 years of experience in investment banking and private equity activities. He was the Managing Director of Chrys Capital for 4 years from 2000 and worked with Merrill Lynch International in Asia for 4 years from 1997 and with the Travelers Group in New York for 5 years from 1991. He is the Managing Director of Blue River Capital Advisors (India) Private Limited since 2005. He is a Nominee Director in Rane Holdings and KMC Constructions Limited.	He practised as a Chartered Accountant for about 16 years with specialization of 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.	He joined K.P.R. Group in 2002. Since then he contributes his talented efforts for its growth. Widely traveled across the world for choosing suitable technology and machinery for textile. At Srilanka, learned large scale garment manufacturing process. With his able administration, 'State of the Art' Processing Unit was established. Considering his significant role in Business Plan he was appointed as 'President' (Processing Unit). With his strenuous efforts improved its capacity utilisation and performance and made it one of the best processing units at Tamilnadu. Presently he is looking after Compact Spinning Expansion Project also.	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, liaised with Banks and Financial Institutions for financial assistance, besides, attending matters related to Income Tax, Sales tax and Central Excise.
Qualification	F.C.A	M.B.A	F.C.A	M.B.A	F.C.S
Directorship in other Indian Public Companies as on 31.03.2011	1. Shanthi Gears Limited 2. K.G. Denim Limited	1. Rane holdings Limited 2. KMC Constructions Limited	Kovai Medical Centre and Hospital Limited	NIL	NIL
Chairmanship / Membership of Committees in other Indian Public Companies	Shanthi Gears Limited : Chairman: 1. Audit Committee 2. Remuneration Committee Member: 3. Share Holder / Investor Committee	KMC Constructions Limited: Chairman: 1. Compensation & Audit	Kovai Medical Centre and Hospital Limited : Chairman : 1. Audit Committee	NIL	NIL
Shareholding in the Company-No. of shares	100	NIL	NIL	720	175

ANNEXURE TO NOTICE
Details of Chairman / Managing Directors seeking re-appointment at the Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	K.P.Ramasamy	KPD Sigamani	P.Nataraj
Date of Birth	01.05.1949	04.08.1953	04.08.1957
Date of appointment	09.01.2007	09.01.2007	09.01.2007
Expertise in specific functional area	<p>He is the Founder, Mentor and Chairman of the KPR Group. He made a humble beginning with only 4 looms and 4 employees at his father's barn with a vision to create Textile Mills of unique facilities and to uplift the downtrodden using its resources. His tireless efforts initiated during 1984, created KPR Mill Limited, the largest vertically integrated Apparel Company having around 2.20 lakhs Spindles with Fabric and Garment making capacity, 'State of the Art' processing facility and Wind Mills. With over 36 years of experience in the Textile industry, his innovative technological ideas enabled K.P.R Group to achieve a Turnover of more than Rs.1000 Crores through its 9000 Employees.</p>	<p>He has over 25 years of experience in the Apparel Industry including the Hosiery, Apparel, Fabric and Yarn Export business, with specialized experience in the production and marketing of knitted apparel, woven fabric etc.,. He currently heads the Apparel Division, the major contributor to the export business of the Company. He has traveled widely across the Globe on business and gained a thorough knowledge on the export of textiles. His ability, knowledge and experience enabled a prominent place for KPR Mill in export Business.</p>	<p>He 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. Under his guidance and active participation the Company came out with the IPO and listing of Equity shares, which were concluded successfully. He manages the financial functions of the Company and also oversees the entire commercial activities of the spinning division of the Company. He is a Member in 'Cotton Yarn Advisory Board' consulted by the Government of India; Textile Panel of Confederation of Indian Industry (CII), Coimbatore and a Director in South Indian Cotton Association (SICA). He is an Executive Committee Member of South India Mills Association (SIMA).</p>
Qualification	Pre-University College Education	M.Sc	F.C.A
Directorship in other Indian Public Companies as on 31.03.2011	K.P.R Developers Limited	K.P.R Developers Limited	K.P.R Developers Limited
Chairmanship / Membership of Committees in other Indian Public Companies	NIL	NIL	NIL
Shareholding in the Company - No. of Shares	80,68,109	80,69,059	80,68,158

K.P.R. MILL LIMITED

Regd. Office : No. 9, Gokul Buildings, 1st Floor, A.K.S. Nagar, Thadagam Road, Coimbatore - 641 001.

ATTENDANCE SLIP

PLEASE BRING THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF BALL ROOM, HOTEL THE RESIDENCY, AVINASHI ROAD, COIMBATORE - 641 018.

Name & Address of the Shareholder

FOLIO NO.

DP. ID*

Client ID*

PLEASE TICK IN THE BOX

MEMBER ☐ PROXY ☐

* Applicable to investors holding shares in electronic form

I hereby record my presence at the 8th ANNUAL GENERAL MEETING at Ball Room, Hotel The Residency Avinashi Road, Coimbatore - 641 018 on Thursday, the 28th July 2011 at 11.30 AM

Signature of the Member or Proxy

Shares held



K.P.R. MILL LIMITED

Regd. Office : No. 9, Gokul Buildings, 1st Floor, A.K.S. Nagar, Thadagam Road, Coimbatore - 641 001.

PROXY

I/We.....ofin the district of
being a member(s) of the above named Company hereby appoint Sri.....of
.....in the district ofor falling him Sri.....of
.....in the district of..... as my/our proxy to vote for
me/us on my/our behalf at the 8th Annual General Meeting of the Company to be held on Thursday
the 28th July 2011 at 11.30 A.M and at any adjournment thereof.

Signed thisday of2011.

FOLIO No.

DP.ID*

Client ID*

* Applicable to investors holding shares in electronic form

No. of Shares held.....

Signature.....

Affix
Re.1
Revenue
Stamp

Notes:

1. The Proxy to be valid should be deposited at the Registered Office of the Company not later than 11.30 A.M. on 28th July 2011.
2. The Proxy should be executed on Re.1 Revenue Stamp.



KPR
MILL LIMITED

The top half of the image features a large, modern industrial building with a light blue facade and dark grey structural elements. The building has multiple levels with large windows and a prominent overhang. A tall palm tree is visible on the right side of the frame. The sky is blue with some clouds.

**Excellence in Execution
Empowered by Expansion**



The bottom half of the image shows a large industrial building at night. The building is illuminated by streetlights, and its interior lights are visible through the windows. The building has a white facade and a dark roof. A parking lot with several cars is visible in front of the building. The sky is dark.

8th annual report 2010 - 11

Highlights 2010-2011

(Rs in Lakhs)

Total Revenue :	1,10,956
PBDIT :	25,145
PBT :	9,343
PAT :	7,221
Cash Profit :	19,788
Assets :	1,51,445
Networth :	59,635
EPS :	Rs. 18.97
Cash EPS :	Rs. 52.32

KPR's journey into textiles began in the year 1984. In 1989, the group ventured into garment exports. Today KPR is a leading garment exporter as well as a largest vertically integrated apparel Company, engaged in manufacturing and marketing readymade knitted garments, knitted fabrics and cotton yarn. KPR Mill has a cumulative capacity of 2,20,176 spindles to produce 56,200 MT of yarn per annum; 203 knitting machines to produce 21,000 MT of fabrics per annum; garmenting facility to produce 63 million pieces of ready-made knitted apparel per annum (operating double shift) and 'State of the Art' processing facility to process 23 MT per day; 65 Wind mills with total power generation capacity of 61.07 MW.

Ring Frame



ET Plant



Neelambur Hostel



Garment Division at Tirupur



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Chairman's Letter

Dear Shareholders,

It is with great pleasure we present the Eighth Annual Report of KPR Mill Limited for the fiscal year 2010-11.

As we report on Fiscal 2010-11, we look back on a landmark year in the history of KPR. We showed once again our ability to grow consistently and achieving important milestones in the course of our journey. One such milestone was achieved in the year 2010-11 when your Company crossed the coveted mark of Rs.1,000 crore in revenues, driven by accelerated growth in the sector and economy at large.

In 2010-11, the GDP growth of the Indian economy is estimated to have been 8.6%. Our country recovered fast from the global economic slowdown of 2009, reverting to the high growth path that the economy was traversing on in the years prior to the crisis. The strong economic growth was achieved by resurgence in agriculture from 0.4% to 5.4%. Exports showed renewed buoyancy by growing at 29.3% in the first 10 months of 2010-11, compared with a decline of 11% in the corresponding period a year ago. Foreign reserves grew from \$279 billion to \$303.5 billion in 12 months. The fiscal deficit came down rapidly from 6.4% to 5.1%. This resilience demonstrated by the Indian economy in recent times reflects maturing of the economic management of the country and the growing competitiveness of our economy.

We are glad to share with you that KPR delivered a strong performance in the year 2010-11. Your Company witnessed phenomenal growth in its revenues and profitability. Consolidated revenues surged 33% year-on-year to reach Rs 1109.56 crore, driven by strong traction in sales across all key product segments. The Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) for the year increased by 50.4% year-on-year (YoY) to Rs 251.45 crore, with EBITDA margin expanding by 270 basis points to reach 23% in FY11. During the same period, your Company's net profit increased by 35% to Rs 93 crore and the net margin expanded by 50 basis points to 6.5%. The sharp rise in profitability resulted from increased contribution from yarn during FY11. The overall capacity utilization increased to 90% in fiscal 2011 from 80% in previous fiscal. These results demonstrate the strength of our underlying businesses and our dedication to delivering shareholders value.

We are very pleased with the performance of our yarn division during the year. Riding high on strong industry demand, and an unprecedented 43% YoY growth in realizations, the revenue from yarn increased 42% to reach Rs 579 crore for FY11 and its contribution to total sales increased from 51% in

FY10 to 55% in FY11. The other key products including fabric and garmenting, also witnessed strong traction of +19% YoY in revenues. Their contribution to our total revenues was as follows:

knitted garment exports 26.9%, fabric 14.2% and others 3.7%.

Your Company's continuous focus on expansion in export markets saw it significantly increase its export revenues by 28.1% to Rs 300 crore in FY11. Aggressive marketing efforts and continuous quality enhancements helped your Company add new clients to its portfolio. Europe and US contribute to 80.50% of key export market. This was led by a strong growth momentum registered in second half of FY11 in India's apparel exports and we expect this trend to continue over the coming quarters.

In FY12, we intend to continue the growth momentum with the help of expansions contemplated. We are in the process of commissioning upcoming 100% Compact Yarn and Melange Yarn facilities at Karumathampatti plant and modernisation at Sathyamangalam plant. The expansion is expected to be fully completed during the current year in a phased manner. After completion of the above, the total yarn capacity will go up to 3,53,088 spindles, making KPR, one of India's largest yarn manufacturing Companies. Compact yarn is a new development in the textile industry. It commands better margins in the market, and has a favorable demand situation. We have also implemented new innovations at this facility, which are likely to provide us enhanced productivity and margins in the years to come.

The Company always accords prominence to CSR in its expansion activities. In the present expansion also considerable regard for environmental and social commitments has been included. KPR Mill is among the largest producers of wind energy in India. Your Company commissioned additional windmills of 21.25 MW enhancing its total captive wind power generation capacity to 61.07 MW in March 2011. This expansion will support the additional power requirement arising from compact yarn spinning segment. Women employees, most of them from rural background, continues to be the substantial workforce of your Company. All our campuses have employee friendly accommodation facilities, with nutritious food, varied recreation and personal growth opportunities in terms of formal and vocational education. Your Company has spent about Rs.1.20 crore towards educating its employees last year enabling higher education for 2,495 employees. So far

Chairman's Letter

about 7000 employees have completed school or college education utilizing the educational facilities provided by us. The new Karumathampatti facility will continue this tradition of KPR.

As we march ahead in the year 2011-12, we believe that it is time to look more into the future than looking back. Our markets are filled with change and we have much to be cautious about. While we hope growth momentum should sustain close to trend in 2010-11, there are mixed signals calling for caution. The high oil prices remain a threat to the global economic recovery, sovereign debt problem continues in some European countries and even in the US, there is no clarity on strength of its economy. India too is witnessing high inflationary pressures in domestic markets. The Textile Industry, in particular, is witnessing high volatility in cotton prices and subsequent movements in yarn prices. This has

been affecting the demand with expectations of further price corrections. However, your Company is confident that this is a short-term phenomenon and the demand would continue to grow with prices reaching some stabilization.

Our highly experienced and talented leadership team is fully aligned on executing plans to support the priorities of growth and shareholder returns. I take this opportunity to thank all stakeholders, Bankers, Government Authorities, Customers, Vendors, Investors, Members, Employees for the continued support to the company.

With best wishes

K.P. Ramasamy

Chairman



Board of Directors



K.P. Ramasamy
Chairman



K P D Sigamani
Managing Director



P. Nataraj
Managing Director



C.R. Anandakrishnan
Executive Director



Shujaat Khan
Director



K.N.V. Ramani
Director



M.J. Vijayaaraghavan
Director



G.P. Muniappan
Director



Dr. K. Sabapathy
Director



A.M. Palanisamy
Director



C. Thirumurthy
Director



A. Sekar
Whole Time Director



REGISTERED OFFICE

No. 9, Gokul Buildings, 1st Floor
A.K.S. Nagar, Thadagam Road
Coimbatore - 641 001.

CORPORATE OFFICE

270 J, Periyar Colony
Anuppapalayam
Tirupur - 641 652

J.S.KUMAR

Vice President (Finance)

P.KANDASWAMY
Company Secretary

BANKERS

Bank of Baroda
Bank of India
Corporation Bank
IDBI Bank Limited
Oriental Bank of Commerce
State Bank of India
State Bank of Mysore
State Bank of Travancore
The Karnataka Bank Limited
United Bank of India

STATUTORY AUDITORS

M/s. DELOITTE HASKINS & SELLS
Chartered Accountants
41, Shanmuga Manram
Race Course
Coimbatore - 641 018

INTERNAL AUDITORS

Mr. A. Vetrivel B.Sc., F.C.A.,
Chartered Accountant
1/1 Seth Narayan Das Layout
2nd Street
Tatabad
Coimbatore - 641 012

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Unit : KPR MILL LIMITED
17-24 Vittal Rao Nagar
Madhapur
Hyderabad - 500 081



Dear Shareholders,

Your Directors have pleasure in presenting the Eighth Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2011:

CONSOLIDATED FINANCIAL RESULTS

	Rs. In Lakhs	
Particulars	2010-11	2009-10
Sales and Other Income:-		
Domestic Sales	74,948.04	56,903.84
Export Sales	29,988.84	23,417.07
Other Income	6,019.16	3,388.27
	1,10,956.04	83,709.18
Profit before Interest & Depreciation	25,145.34	16,717.41
Less : Interest	3,234.56	2,733.25
Depreciation	12,567.54	7,049.73
Profit Before Tax	9,343.24	6,934.43
Less : Taxation:-		
Provision for Current Tax	3,275.05	1,185.05
Less : MAT Credit Entitlement	-	676.85
	3,275.05	508.20
Deferred Tax Charge	(1,152.55)	1,382.72
Profit After Tax	7,220.74	5,043.51
Add: Balance in Profit & Loss Account	19,764.62	17,642.25
Amount available for Appropriation	26,985.36	22,685.76
Appropriation:		
Transfer to General Reserve	712.59	504.35
Interim Dividend	1,130.49	1,507.32
Tax on Interim Dividend	187.76	250.35
Proposed Dividend on Equity Shares	1,130.50	565.24
Tax on proposed Dividend	183.40	93.88
Provision for Dividend on Preference Shares	61.56	-
Tax on Preference dividend	10.22	-
Surplus Transferred to Balance Sheet	23,568.84	19,764.62
	26,985.36	22,685.76

REVIEW OF OPERATIONS

With constant growth in all its activities, your Company could cross a milestone of achieving more than Rs.1000 Crores Turnover during the financial year under review. With operations at 90 % capacity utilization, the Yarn Division witnessed a strong traction in its revenues. Similar trends prevailed in Garment and Processing Divisions too. Your Company's Export Revenue increased by 28% over last year to Rs.299.88 Crores, of which around 94% contributed by Garment Division. These enabled your Company to attain commendable total revenue of Rs.1109.56 Crores, @ 33% over last year's Rs.837.09 Crores registering an enhanced profitability with EBITDA for Current Year Rs.251.45 Crores, from Rs.167.17 Crores in previous year, an increase of 50%. Net Profit increased to Rs.72.21 Crores in current year from Rs.50.44 Crores of previous year. Overall improvement in Capacity Utilisation and the encouraged market conditions enabled the achievement.

DIVIDEND

Considering the better performance and profitability the Board of Directors in its Meeting held on 29.10.2010 had declared an Interim Dividend of Rs.3/- per share on

the Equity Capital of the Company absorbing a sum of Rs.13.18 Crores, including tax on Dividend. Taking into account the prospective business outlook more particularly the growth in revenue assured by the expanded capacity, your Directors are glad to recommend a Final Dividend of Rs.3/- per Equity Share (30%) with a cash outflow of Rs.13.14 Crores (including Tax on Dividend) that may result in a total Dividend of Rs.6/- per share (60%) for the financial year 2010-2011. During last year, the Dividend declared was Rs.5.50/- per share (55%) with a cash outflow of Rs.24.16 Crores (including Tax on Dividend) Dividend on Preference Share amounts to Rs.0.72 Crore (including tax)

EXPANSION AND MODERNIZATION

The ongoing expansion and modernization projects undertaken by your Company comprise of:

1. Compact Spinning Expansion

As reported last year the Company expands in high margin, high value-add compact yarn segment. Addition of 1,03,680 spindles with a total outlay of Rs.310 crores at Karumathampatti utilising the Term Loan assistance from Banks and the unutilized IPO Funds is in progress. Around 80% of the civil construction work that was commenced during May 2010, has been completed. 34560 spindles have been installed, in which 10080 spindles were already put in to operation. Commercial production commenced during April 2011 which is expected to be fully operational by September 2011. Entire Term Loan availed is eligible for TUF subsidy.

2. Windmill

Added 25 Wind Mills of 21.25 MW capacity to the present 39.82 MW thereby enhancing its Wind Power generation capacity to 61.07 MW to support its Compact Spinning capacity Expansion. The strategic approach of supplementing all its expansion activities with simultaneous wind energy capacity addition:

1. Reassures KPR 's ability to meet its power requirements through wind energy
2. Reduces its Power cost significantly
3. Reiterates its commitments towards Green initiatives

3. Modernisation at Sathyamangalam Mill

Through Modernisation cum Expansion plan at an estimated cost of Rs 38.45 Crores at Sathyamangalam, the total Spindles envisaged are 51,456, out of which 21,216 Spindles have been erected during March 2011 and the balance is expected to be completed in a phased manner by October 2011.

Directors Report

4. Melange Yarn Spinning

Enthusied by the domestic and export market demand, the Company has initiated. Installation of 16,128 Spindles of Melange Yarn capacity at Karumathampatti plant considering the cost and location benefits. The total cost of the expansion is estimated at Rs 17.72 Crores and average cost per Spindle will be Rs 11,000 which has leverage of economics. The unique features of Melange Yarn are the natural fiber with excellent treatment enabling coziness, softness and lively color. Besides meeting 25% of captive consumption it shall cater to the needs of market. Around 20% Civil work is completed and the project is expected to be fully operational by January 2012 in a phased manner.

After completion of the aforesaid projects the total spinning capacity will rise to 3,53,088 spindles from the existing 212,064 (up 66%)

UTILISATION OF IPO PROCEEDS				Rs in Lakhs
Sl No.	Expenditure Items	As per Prospectus	Utilised upto 30th March 2010	Balance to be Utilised towards Compact Spinning Expansion vide EGM Approval Dated 30th March 2010
1	Expansion of the Apparel facility at Arasur	1,059.10	661.82	397.28
2	Setting up a design studio at Arasur	56.00	19.00	37.00
3	Construction of an additional hostel facility at Arasur	712.80	250.00	462.80
4	Expansion of the Processing facility at SIPCOT, Perundurai	3,970.20	-	3,970.20
5	Investment in knitting facility at Arasur	2,595.80	1,483.35	1,112.45
6	Addition of Balancing Equipments for our spinning facilities	1,381.20	266.46	1,114.74
7	General Corporate purposes-Normal Capex	2,415.60	2,300.22	115.38
8	Issue Expenses	1,111.53	1,218.65	-
Total		13,302.23	6,199.50	7,102.73

	Rs in Lakhs
Fund allocated for Compact Spinning expansion	7,102.73
Expenses incurred upto 31.03.2011 towards Compact Spinning	7,102.73
Balance amount to be utilized towards Compact Spinning Project	Nil
The IPO proceeds have been fully utilized.	

FUTURE OUTLOOK

Your Company continues to accelerate growth through its focused approach in higher value- add segments of the textile value chain by expansion and modernisation. Further, to maintain its self-reliance in power requirements, additional wind power capacity is added. These new endeavors promises sustained growth in the years to come enhancing its profitability and returns.

Contrary to the surge prevailed in most part of the financial year under review, the prices of cotton vis-à-vis yarn are witnessing sharp decline. However Your Company believes that this short term trend would bounce back once the prices stabilize.

With concerted efforts to move deeper into premium margin segments and strong cost competitiveness, your Company expects to continue to deliver consistent growth and performance.

FIXED DEPOSITS

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

FINANCE

Your Company has been regular in meeting its obligation towards payment of Principal / Interest to Banks.

DIRECTORS

Mr. C.R.Anandakrishnan and Mr. C. Thirumurthy were appointed as Additional Directors in the Board Meeting held on 31.01.2011. Sri.C.R.Anandakrishnan was also appointed as Executive Director in the said meeting.

The aforesaid Directors and Sri.A.M.Palanisamy who was appointed as a Director in the casual vacancy on February 22, 2010 will hold offices upto the date of the ensuing Annual General Meeting of the Company. Notices under section 257 of the Companies Act, 1956, have been received from Members proposing their appointment as Directors.

Sri. Shujaat khan and Sri.M.J. Vijayaraaghavan retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Resolution seeking the approval of the Members for the aforesaid appointments are included in the notice calling the ensuing Annual General Meeting. As required under clause 49 of the Listing Agreement, the brief resumes of the Directors proposed to be appointed / re-appointed are furnished in the Notice of the Annual General Meeting.

SUBSIDIARY COMPANY

The statement pursuant to Section 212 of the Companies Act, 1956 containing details of Subsidiary of the Company forms part of this Annual Report.

In view of the general exemption granted by the Central Government vide its Circular No: 2/2011 dated 8th February, 2011 the Audited Statement of Accounts, the reports of the Board of Directors and Auditors of the Subsidiary Companies are not annexed as

required under section 212(8) of the Companies Act, 1956. Shareholders who wish to have a copy of the full report and accounts of the Subsidiary will be provided on receipt of written request from them. These documents will be put up on the Company's Website viz. www.kprmilllimited.com and will also be available for inspection by any Shareholder at the Registered Office of the Company on any working day during business hours.

PROPOSED FINANCIAL PARTICIPATION:

The Board of Directors in its Meeting held on 30.05.2011, approved "In-Principle" financial participation upto Rs.72.50 Crores, to be met out of internal accruals over 2 years, in K.P.R. Sugar Mills Private Limited for setting up a Sugar cum Co-gen Project at Bijapur District, Karnataka. K.P.R. Sugar Mills Private Limited will be a Subsidiary of your Company and by virtue of this participation there will be access to 34 MW of Green Power. This along with our existing investments in wind power will position your Company with an unique distinction of having 100% Green Power of 95 MW.

SHARE CAPITAL:

As approved in the 7th Annual General Meeting of the Company 15,00,000, 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100/- each were allotted to K.P.R. Developers Limited as a consideration other than cash.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of 4 Directors viz.,

Sri.M.J. Vijayaraaghavan –Independent and Non–Executive Director (Chairman)

Dr. K. Sabapathy – Independent and Non – Executive Director

Sri. G.P. Muniappan – Independent and Non – Executive Director

Sri. P. Nataraj – Non – Independent and Executive Director

AUDITORS REPORT

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

PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) of the Companies Act 1956 and the Rules made thereunder, is provided in an Annexure forming part of this Report. In terms of Section 219 (1) (b) (iv) of the Companies Act 1956, the Report and Accounts are being sent to Shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary.

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 section 217(1)(e) of the Companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are provided in the Annexure to the Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, 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, 1956, 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 March 31, 2011 on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement a Report on Corporate Governance along with Auditor's Certificate of its compliance forms part of the Annual Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the Listing Agreements with the Stock Exchanges forms part of the Annual Report.

AUDITORS

M/s.Deloitte Haskins & Sells, Chartered Accountants, Coimbatore, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. A certificate under section 224(1B) of the Companies Act 1956, has been obtained from them.

INDUSTRIAL RELATIONS

The relationship with employees continued to remain cordial throughout the year under review.

ACKNOWLEDGMENT

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

Coimbatore
30.05.2011

On Behalf of the Board of Directors
K.P. Ramasamy
Chairman

ANNEXURE

Annexure to the Director's Report

INFORMATION PURSUANT TO COMPANIES (Disclosure of Particulars in the Report of Board of Directors) RULES, 1988

A) CONSERVATION OF ENERGY

a) ENERGY CONSERVATION MEASURES TAKEN

1. At Sathy unit the motors of entire simplex machines are fitted with inverter to facilitate smooth start vis-à-vis increased efficiency thereby saving energy at 56 units per day.
2. At Karumathampatti unit, the exhaust fan motors in humidification plants are fitted with inverter to vary their speed based on its RH requirement thereby saving energy at 300 units per day. Similarly inverter is fitted to the pneumafil fans of Ringframe to control the suction pressure, thereby saving energy at 566 units per day.
3. At Neelambur unit, waste recovery system has been modified completely in carding, comber and blow room by changing the design to use higher efficiency fans and other high performance equipments, thereby saving energy at 2310 units per day.

Similarly inverter is fitted to the pneumafil fans of Ring frame to control the suction pressure, thereby saving energy at 529 units per day.

The exhaust fan motors in humidification plants are fitted with inverter to vary their speed based on its RH requirement thereby saving energy at 572 units per day.

4. At Arasur unit, inverter is fitted to the pneumafil fans of Ring frame to control the suction pressure, thereby saving energy at 750 units per day.

The exhaust fan motors in humidification plants are fitted with inverter to vary their speed based on its RH requirement thereby saving energy at 1500 units per day.

Waste recovery system has been modified completely in carding, comber and blow room by changing the design to use higher efficiency fans and other high performance equipments, thereby saving energy at 672 units per day.

By arresting the air leakage in the air line system of all machinery in knitting department, energy is saved at 300 units per day.

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

Further efforts are being taken to reduce energy consumption in all energy intensive equipment

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

The above measures have secured reduced consumption of electricity and fuel oils vis-à-vis reduction in the cost of production. Total energy consumption & energy consumption per unit of production are as per Form 'A' below:

FORM A – PARTICULARS IN RESPECT OF ENERGY CONSERVATION

Particulars	Units	2010-11	2009-10
1. Power & Fuel Consumption			
(A) Electricity			
i) Connected Load	KVA	22,175.00	21,775.00
ii) Purchase of Units	Lakh units	200.34	164.76
iii) Total Amount	Rs. in lakhs	1,201.92	624.88
iv) Rate per unit (Average)	Rs.	5.10	3.79
(B) Electricity from Third Party			
i) Purchase of Units	Lakh units	80.77	23.33
ii) Total Amount	Rs. in lakhs	445.70	195.25
iii) Rate Per Unit (Average)	Rs.	5.52	8.37
(C) Own Generation			
i) Through Diesel Generator			
Units generated	Units in lakhs	51.96	69.27
Cost/Unit	Rs.	10.00	8.48
Units/Litre of Diesel	Units	3.45	3.51
ii) Through Wind Mill	Units in lakhs	952.19	1,043.27
iii) Through Steam turbine			
Coal/Furnace Oil/Others	Units	NIL	NIL
2. Consumption per unit of Production			
a) Production of yarn	Kgs	4,41,62,976	4,30,45,765
Electricity (units) per Kg of yarn production	Units	2.56	2.52
b) Production of Garment	Pieces	2,51,31,215	1,90,89,159
Electricity / Piece of Garment Production	Units	0.23	0.26
c) Processed Fabrics	Kgs	63,22,683	42,25,976
Electricity / KG Fabric Processed	Unit	1.12	1.34

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

- Specific areas in which R&D carried out by the Company:
Quality Improvement in Products; Development of new Products and Designs; Cost control measures; Energy Conservation etc.,
- Benefits derived as a result of above R&D:
Sustained Quality at economized cost.
- Future Plan of Action:
Continuous focus on innovations in Textile development processes & products towards Quality enhancement & reduction in operational cost.
- Expenditure on R&D - NIL
- Technology absorption, adaptation and innovation:
For consistent production of higher quality products, besides having State of the Art Machinery and Equipments, each of our manufacturing facilities are equipped with well trained Personnel and high-tech quality control equipments. Zero Discharge System of ETP at Processing Division.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars	(Rs. In Lakhs)	
	2010-11	2009-10
i) Foreign Exchange earned through Exports amount to	29,988.84	23,417.06
ii) Foreign Exchange used	5,647.92	15,424.49

Coimbatore
30.05.2011On Behalf of the Board of Directors
K.P.Ramasamy
Chairman

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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 shareholders' value with strong emphasis on transparency, accountability and integrity.

BOARD OF DIRECTORS

The Board comprises Twelve Directors viz., One Executive Chairman, Four Executive Directors, One Non-Executive Non Independent Director and Six Independent Directors having no business relationship with the Company and constituting 50% of Board's composition

Name of the Director	Category	Number of Directorships held in other Companies*	Number of Board Committee Memberships held in other Companies	
			Chairman	Member
Sri. K. P. Ramasamy	Executive	2	-	-
Sri. KPD Sigamani	Executive	2	-	-
Sri. P. Nataraj	Executive	2	-	-
Sri. Shujaat Khan	Non - Executive and Non-Independent	2	1	-
Sri. M.J.Vijayaraaghavan	Independent Director	2	2	1
Dr. K. Sabapathy	Independent Director	1	-	-
Sri. G. P. Muniappan	Independent Director	2	2	1
Sri. K. N. V. Ramani	Independent Director	6	6	3
Sri. A.M. Palanisamy	Independent Director	1	1	-
Sri. A. Sekar	Executive	-	-	-
Sri.C.R.Anandakrishnan**	Executive	-	-	-
Sri. C.Thirumurthy**	Independent Director	-	-	-

* Excluding Directorship in Non-Subsidiary Private Limited companies and Section 25 Companies.

** Appointed as a Director w.e.f. 31.01.2011

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

By deciding the dates and issue of notices well in advance, Five Board Meetings were held during the year under review. They were held on 16.04.2010, 28.06.2010, 27.07.2010, 29.10.2010 and 31.01.2011. The Agenda papers 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, risk exposures, annual budget, capital expenditure, sale of assets, status of projects under implementation 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 Meeting Attended	Last AGM Attended Yes/No
Sri. K. P. Ramasamy	4	Yes
Sri. KPD Sigamani	5	Yes
Sri. P. Nataraj	5	Yes
Sri. Shujaat Khan	2	No
Sri. M. J. Vijayaraaghavan	5	Yes
Dr. K. Sabapathy	3	Yes
Sri. G.P. Muniappan	5	Yes
Sri. K.N.V. Ramani	5	Yes
Sri. A.M. Palanisamy	4	Yes
Sri. A. Sekar	5	Yes
Sri.C.R.Anandakrishnan*	Not applicable	Not applicable
Sri. C. Thirumurthy*	Not applicable	Not applicable

* Appointed as a Director w.e.f. 31.01.2011

AUDIT COMMITTEE

The Audit Committee comprised 4 Directors of which 3 were Independent Directors.

The terms of reference to the Audit Committee are as per Clause 49 of the Listing Agreement as well as Section 292-A of the Companies Act, 1956.

During the year under review, the Audit Committee met five times on 12.04.2010, 19.06.2010, 24.07.2010, 23.10.2010, and 25.01.2011 and the attendance of each Member is furnished as below:

Name of the Member	Number of Meetings Attended
(1) Sri. M. J. Vijayaraaghavan - Independent and Non-Executive Director (Chairman)	5
(2) Dr. K. Sabapathy - Independent and Non-Executive Director	5
(3) Sri.G.P.Muniappan - Independent and Non-Executive Director	5
(4) Sri P. Nataraj - Non- Independent and Executive Director	5

All the Members of the Audit Committee are financially literate wherein two are Chartered Accountants and one is Retd. Deputy Governor of RBI.

Sri.P.Kandaswamy, Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee recommends the appointment of Internal Auditors and Statutory Auditors.

To ensure independence and credibility of the Internal Audit process, a well qualified and experienced person, who is not an employee of the Company, conducts Internal Audit.

REMUNERATION COMMITTEE

The Remuneration Committee consisted of 4 Non-Executive Directors of whom 3 are Independent. No Executive Director is on the Committee.

1) Sri. M. J. Vijayaraaghavan	- Independent and Non-Executive Director (Chairman)
2) Sri. Shujaat Khan	- Non- Independent and Non-Executive Director.
3) Sri. G.P. Muniappan	- Independent and Non Executive Director
4) Sri.K.Sabapathy*	- Independent and Non-Executive Director

*Appointed w.e.f. 30.05.2011

The terms of reference specified by the Board of Directors to the Remuneration Committee are as under:

The function of Remuneration Committee is to ensure that the Company's remuneration policies in respect of the Directors are competitive so as to recruit and retain the best talent in the Company and to ensure appropriate disclosure of remuneration paid to the said persons.

During the year the following Remuneration Committee Meetings were held:

- 21.10.2010 - to consider revision of Managerial Remuneration to the Chairman and the Managing Directors
- 31.01.2011 - to consider fixing Managerial Remuneration to Executive Director

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

Name of the Director	Remuneration during the year 2010-11 (Rs. in lakhs)	Sitting fees for attending meetings of the Board and / or Committee thereof (Rs. in lakhs)
Sri. K.P. Ramasamy	167.91	Nil
Sri. KPD Sigamani	167.91	Nil
Sri. P. Nataraj	167.91	Nil
Sri. Shujaat Khan	Nil	0.40
Sri. M.J. Vijayaraaghavan	Nil	1.60
Dr. K. Sabapathy	Nil	1.20
Sri. G.P. Muniappan	Nil	1.20
Sri. K.N.V. Ramani	Nil	0.50
Sri.A.M. Palanisamy	Nil	0.40
Sri. A. Sekar	7.90	Nil
Sri.C.R.Anandakrishnan*	Nil	Nil
Sri. C. Thirumurthy*	Nil	Nil

* Appointed as a Director w.e.f. 31.01.2011

INVESTORS GRIEVANCE COMMITTEE

The Investors' Grievance Committee was formed to specifically look into Shareholders / Investors complaints, if any, on request for re-materialization of shares, transfer and transmission of shares, non-receipt of Balance Sheet, non-receipt of dividend declared etc., and also the action taken by the Company on those matters.

The Investors Grievance Committee consisted of 3 Directors of whom 2 are Independent Directors :-

1) Dr. K. Sabapathy	- Independent and Non-Executive Director (Chairman)
2) Sri M.J. Vijayaraaghavan	- Independent and Non-Executive Director (Vice Chairman)
3) Sri. P. Nataraj	- Non - Independent and Executive Director

The Committee held four Meetings on 12.04.2010, 24.07.2010, 23.10.2010, and 25.01.2011 during the Financial Year 2010 - 11.

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

During the financial year 2010 -11 the Company has received 14 complaints (upto March 2011) from the Shareholders. All the complaints were redressed to the satisfaction of the Shareholders. No transfer was pending as on 31.03.2011.

Pursuant to Clause 47(f) of the Listing Agreement, 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 Agreement, Company's website www.kprmillimited.com is updated with the Quarterly information conveyed to the Stock Exchanges.

CEO/VICE PRESIDENT (FINANCE) CERTIFICATION

The CEO and Vice President (Finance) have furnished a certificate relating to financial statements and internal controls and systems to the Board of Directors as required.

GENERAL BODY MEETING

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

Annual General Meeting	Date	Venue	Time
5th	19.08.2008	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore - 641 018.	11.30 A.M.
6th	27.08.2009	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore-641018.	11.30 A.M
7th	25.08.2010	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore-641 018	11.30.A.M

Extra Ordinary General Meeting:

Date	Venue	Time
30.03.2010	Hotel Rathna Regent 708, Avinashi Road, Coimbatore - 641018.	02.45 P.M

POSTAL BALLOTS:

For the year ended March 31st, 2011 no Resolution was passed by our Shareholders through postal ballot.

DISCLOSURE:

- None of the transactions with related parties during the year 2010-11 were in conflict with the interest of the Company.
- No penalty or levy have been imposed by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during last year, being the fourth year of listing.
- Sri.K.P.Ramasamy, Chairman, Sri.KPD Sigamani, Managing Director and Sri.P.Nataraj, Managing Director are related to each other and Sri. C.R. Anandakrishnan, Executive Director is related to Sri. K.P. Ramasamy, Chairman.
- When the Subsidiary Company becomes material Subsidiary Company, an Independent Director of the Company will be nominated on its Board. The salient features of the Minutes of Meeting of Board of Directors of the Wholly Owned Subsidiary Company, M/s. Quantum KNITS PVT. LIMITED are placed before the Board of Directors and the attention of the Directors are drawn to significant transaction and arrangement entered into by the Subsidiary Company.
- Directors Responsibility Statement and Management Discussion and Analysis Report along with the Report of the Auditors thereon have been furnished elsewhere in the Annual Report.
- 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 Companies Act, 1956. Towards Green Initiative, the Shareholders are requested to convey / update their e-mail address with their respective Depository Participant.

- Quarterly Results are usually published in "Business Line" (English) and in "Dinamalar" (Tamil).
- The Financial Results are also accessible on the Company's Website - www.kprmillimited.com

SHAREHOLDERS INFORMATION

Annual General Meeting

Day and Date	: Thursday, 28th July 2011
Time	: 11.30 A.M.
Venue	: Ball Room Hotel The Residency 1076, Avinashi Road Coimbatore – 641 018.

DATE OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company will remain closed from 22nd July 2011 to 28th July 2011 (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,
1st Floor, Rotunda Buildings,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

Scrip Code : 532889

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

Symbol : KPRMILL

The Annual Listing Fee payable to the Stock Exchanges for the Financial Year 2011-12 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 (India) Limited. The ISIN Number of the Company is INE930H01015.

The Annual Custodian Fee payable to the above Custodians for the Financial Year 2011-12 have been paid in full.

As on 31.03.2011, shares representing 97.06 percentages 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,
Unit: KPR MILL LIMITED, 17-24 Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081.
Tel: +91 40 2342 0181, Toll free No: 1800 3454001
Fax: +91 40 2342 0815 - 828, 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 the Share Holder within 24 hours after the pay out has been declared by the Exchange. There is no need for a separate communication with the Company or its Share Transfer Agent.

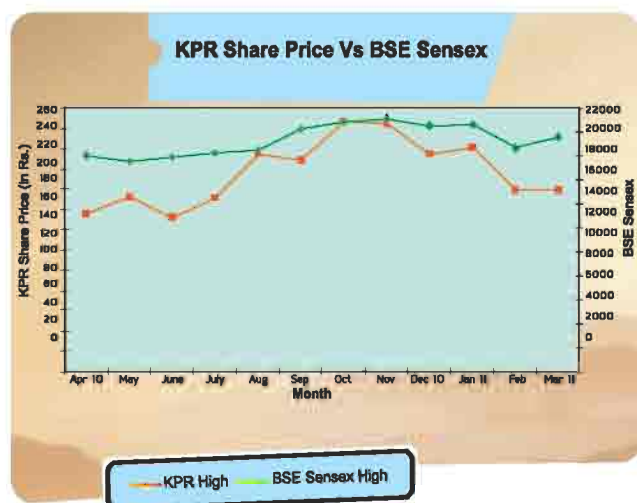
Please register your mobile number and email id with the DP, to get instant information thru SMS from the Depository, whenever shares are credited or debited from your DP account. Please ensure that you receive a copy of the transaction statement from your DP every month. Also use the nomination facility available with the Depository and register the nominee.

In respect of shares to be 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 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

MONTH	BSE		NSE	
	High (Rs. Ps.)	Low (Rs. Ps.)	High (Rs. Ps.)	Low (Rs. Ps.)
April 2010	155.65	111.00	155.70	110.40
May 2010	172.00	128.10	171.90	125.80
June 2010	151.95	138.10	152.40	138.55
July 2010	171.80	139.15	171.90	139.00
August 2010	215.00	157.00	214.95	157.00
September 2010	209.00	182.90	209.75	182.20
October 2010	246.40	202.50	246.85	195.00
November 2010	244.80	185.30	243.80	185.60
December 2010	215.00	170.00	216.00	169.05
January 2011	220.70	167.00	209.50	162.60
February 2011	179.60	150.65	180.00	152.85
March 2011	179.00	155.05	187.95	156.50



DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2011:

Share holdings		No. of Share holders	% of Share holders	No. of Shares	% to Equity
1	500	4844	90.37	480533	1.28
501	1000	212	3.96	173877	0.46
1001	2000	128	2.39	195134	0.52
2001	3000	58	1.08	146699	0.39
3001	4000	10	0.19	35224	0.09
4001	5000	15	0.28	71130	0.19
5001	10000	42	0.78	293482	0.78
10001	& above	51	0.95	36286813	96.29
Total		5360	100.00	37682892	100.00

SHARE HOLDING PATTERN AS ON 31st March 2011:

Category	Number of Shares Held	% of Holding
Promoters & Promoter Group	28068000	74.48
Overseas Corporate Bodies	1611949	4.28
Mutual Funds	1040481	2.76
Banks	30390	0.08
Foreign Institutional Investors	953	0.00
Foreign Venture Capital Investors	3347185	8.89
NRIs	72053	0.19
Bodies Corporate	1503240	3.99
Public	2005641	5.33
Total	37682892	100.00

PLANT LOCATION:

LOCATION	TELEPHONE	FACILITIES
Indiampalayam Village, Sathyamangalam – 638 454	+ 91 4285 251490	Spinning
S.F.No.273, Kittampalayam, Karumathampatti, Coimbatore – 641 659.	+ 91 421 233 6111	Spinning
S.F. No.525, Neelambur, Coimbatore – 641 014	+ 91 422 2625115	Spinning & Knitting
S.F.No.181, Kollupalayam, Arasur, Coimbatore-641 407.	+ 91 422 2635500	Spinning, Knitting & Garmenting
252, Periyar Colony, Tirupur – 641 652	+ 91 421 248 7081	Garmenting
SIPCOT Industrial Area, Perundurai	+ 91 4294 234145	Processing
Tirunelveli, Tenkasi, Theni & Coimbatore District	-	Windmills

ADDRESS FOR CORRESPONDENCE

The Company Secretary,
K P R Mill Limited, 270 - J, Periyar Colony,
Anuppapalayam, Tirupur – 641 652.
Ph: +91 421 248 7051

TRAINING OF BOARD MEMBERS

The Members of the Board are eminent and experienced persons and majority of them are professionals and are kept informed of the latest developments in laws, rules and regulations as also the various risks to which the company is exposed and the manner in which these risks are mitigated / minimized. Therefore the need for formal training on these issues is not felt necessary at present.

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, 1992, 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.

Mr. P. Kandaswamy, Company Secretary has been designated as the Compliance Officer.

DEMAT SUSPENSE ACCOUNT

(As per Clause 5A of the Listing Agreement)

Particulars	No. of Cases	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. as on April 1, 2010	11	1575
Number of shareholders who approached for Issuer / Registrar for transfer of shares from suspense account during the year 2010 - 2011	2	400
Number of shareholders to whom shares were transferred from suspense account during the year 2010 - 2011	2	400
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on March 31, 2011	9	1175

As per Listing Agreement, separate Demat Suspense Accounts have been opened and the unclaimed Shares have been transferred to those Accounts.

The Voting Rights on the outstanding unclaimed shares lying in suspense account shall remain frozen till the rightful owner of such shares claims the shares.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

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 Clause 49 of the Listing Agreement.

The above Corporate Governance Report has been placed before the Board of Directors at their Meeting held on 30.05.2011 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 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 Management Personnel to whom this Code of Conduct is applicable have affirmed the compliance of Code of Conduct during the year 2010 - 2011."

Coimbatore
30.05.2011

P.Nataraj
Managing Director

Certificate

CERTIFICATE OF CORPORATE GOVERNANCE

To the Members of K.P.R. MILL LIMITED

1. We have examined the compliance of conditions of Corporate Governance by K.P.R. Mill Limited for the year ended 31st March 2011, as stipulated in clause 49 of the listing agreement of the said Company with Stock Exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.
4. 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.

Coimbatore
30.05.2011

**For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 008072S**

C R Rajagopal
Partner

Membership No.23418

CEO/VICE PRESIDENT (FINANCE) CERTIFICATE

Pursuant to Clause 49(v) of Listing Agreement

In relation to the audited financial accounts of the Company as at March 31, 2011, We hereby certify that

- (a) We have reviewed financial statements and the cash flow statement (standalone and consolidated) for the year and that to the best of our knowledge and belief:
 - (i) These statements do not contain any material 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 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 year 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 based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
 - (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 regard deficiencies.
 - (ii) There were no significant changes in internal control during the year covered by this report.
 - (iii) All significant changes in accounting policies during the year, 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 involve the management or an employee who have a significant role in the Company's internal control system.

Coimbatore **P.Nataraj** **J S Kumar**
30.05.2011 Managing Director Vice President (Finance)

Management Discussion & Analysis

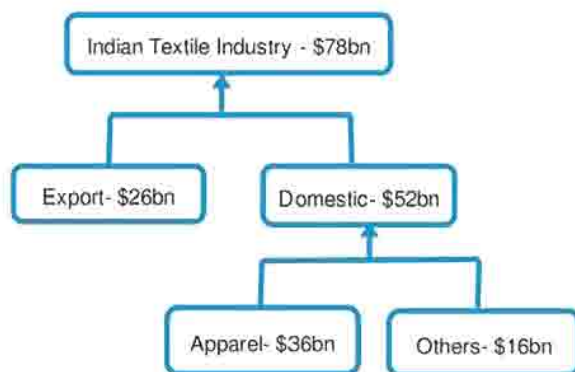
Financial Year 2011 was a landmark year for your Company in terms of financial performance. The continued growth momentum in the sector, driven by robust domestic demand, helped your Company cross the coveted mark of Rs.1,000 crore in revenues. Strong traction in sales across all key product segments has significantly enhanced our profitability and returns during the year.

Your Company witnessed over 32% growth in its total operating income over last year, posting highest ever increase in revenues since listing in 2007. Operating profit margin – which we define as earnings before interest, tax, depreciation and amortisations (EBITDA) divided by net sales – expanded by 270 basis points to 22.70% and net margin expanded by 50 basis points to 6.50% during the fiscal year ending March 2011. During the year, your Company increased its focus on yarn segment in order to capitalize on the high demand conditions prevailing for yarn in both domestic and export markets. This increased contribution from yarn to 55% in FY11 from 51% in FY10. Going ahead, the ongoing expansion in 100% compact yarn spinning capacity, to be fully commissioned by September 2011, would further accelerate growth and profitability of your company.

Industry Overview & Developments

Indian textile industry is the most important industrial segment for the Country. It is the second largest provider of employment after agriculture. It contributes about 4% to the country's GDP, 14% to the industrial production and 17% to the export earnings.

The industry witnessed better growth momentum during fiscal year ended March 2011. It is expected to register double digit growth of +10% during FY12 to reach ~\$78bn in size. As per Technopak estimates, the industry has the potential to grow at over 11% CAGR to



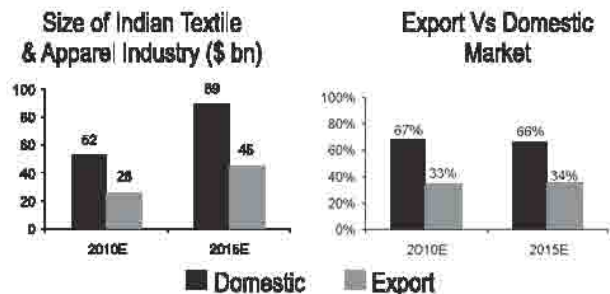
Source: Technopak Report

Note – 2010 estimated figures used for industry size shown above

reach a size of about \$134bn by 2015. The main drivers of growth are improving exports and domestic demand on the back of increasing population, increasing income levels, rapid urbanization, improving demographics and increasing penetration of retailers into smaller cities. Further, Government initiatives such as Technology Upgradation Fund Scheme (TUFS), Technology Mission on Cotton (TMC), excise and duty sops etc. would continue to support development of the sector.

Domestic demand to continue to occupy dominant share of the market

The Indian domestic market for textiles is expected to grow from ~\$52bn in 2010 to \$89bn in 2015E, growing at a robust pace of +11% CAGR over the period. Domestic market would continue to occupy over 65% share of the total market. However, increased recovery in global demand would see India accelerate its exports by 1.7x to reach ~\$45bn by 2015E, growing at a CAGR of ~12% p.a. during the period.



Source: Technopak estimates

Textile Exports - recovery gaining momentum

Total textile exports from India showed an improvement during the year 2010-11 as compared to that during 2009-10, led by order inflows from key markets of the US and Europe which had shown signs of recovery. As per the provisional data published by the Ministry of Textiles, the total textile exports increased to Rs 51,880 crore during April-Sep'10 as against Rs 49,130 crore during the corresponding period of the previous year, registering an increase of ~6% in rupee terms. The share of textile exports in total exports stood at 10.7% during April-Sep'10. There was significant increase of ~53% in cotton exports during April-Sep'10 as compared to corresponding period of the previous year. Ready-made garments exports also started rising after a subdued first half of fiscal 2011. As per the industry reports, India's apparel exports have increased by a whopping 24% in February 2011 and 18% in January 2011 over the same month in the previous year, respectively.

The growth in total textile exports from India was also enhanced due to the appreciation of Chinese Yuan (~8% YoY appreciation in FY11 as against Euro) which made sourcing from China relatively costlier as compared to the past. Indian textile exports would continue to benefit in the medium to long term on the back of rising labour costs and increased domestic consumption in China.

Increase in Textile Production

Production increased across various textile product categories during the fiscal year 2011. During April-Jan'11, cotton yarn production increased by 13% YoY and cotton fabric production by 7% YoY. Total fabric production increased by 3% YoY to reach 50,774mn sq. mt. Rapidly growing cotton production in India is a big driver of the improvement in yarn and fabric production. India, in particular, has seen a dramatic near-doubling of cotton output in the last decade post introduction of BT cotton.

TEXTILE PRODUCTION GROWTH

	Apr-Jan 2010	Apr-Jan 2011	% YoY Change
Cotton Yarn (Mn kg)	2,550	2,878	13%
Cotton Fabric (Mn Sq. Mt.)	23,952	25,648	7%
Total Fabric (Mn Sq. Mt.)	49,424	50,774	3%

Source: Ministry of Textiles

OPPORTUNITIES AND THREATS

Opportunities

Strong domestic demand backed by improving demographics

The domestic textile market in India has grown at a healthy pace of ~12% p.a. to reach \$52bn in size over the period 2005-2010E and is expected to continue similar levels of growth over the next 10 years. The main drivers of domestic growth are increasing population, rising income levels, rapid urbanization and increasing penetration of retailers into smaller cities.

Government thrust towards investment in textiles

To induce investment and modernisation in the sector, Government rolled out the following measures:

TUFS – The Government of India announced the restructuring of the popular Technology Upgradation Fund Schemes (TUFS) to leverage investments across the textiles sector value chain. While stand-alone spinning upgradation projects are eligible for 4% interest reimbursement, spinning units with matching capacity in upward processing are eligible for 5% interest reimbursement. Value-addition sectors such as garmenting, processing and technical textiles are in for additional benefits. These sectors would get 10% capital subsidy and 5% interest rebate on specified machinery.

The Government also allocated Rs 2,980 crores for TUFS scheme in 2011-12. The allocation for TUFS in 2011-12 has increased by Rs 713

crores compared to previous year. The Union Budget for 2010-11 had provided for an allocation of Rs 2,267 crores, of which around Rs 1,500 crores was sanctioned in the first quarter of the fiscal 2011, post which the scheme was abruptly suspended. In March 2011, the Government lifted the suspension on TUFS by earmarking Rs 7,400 crore for clearing pending dues and fresh applications.

Reduction of excise duty - Excise duty has been reduced on parts of 40 specified textile machinery and equipments from 10% to 5%.

Potential to increase exports

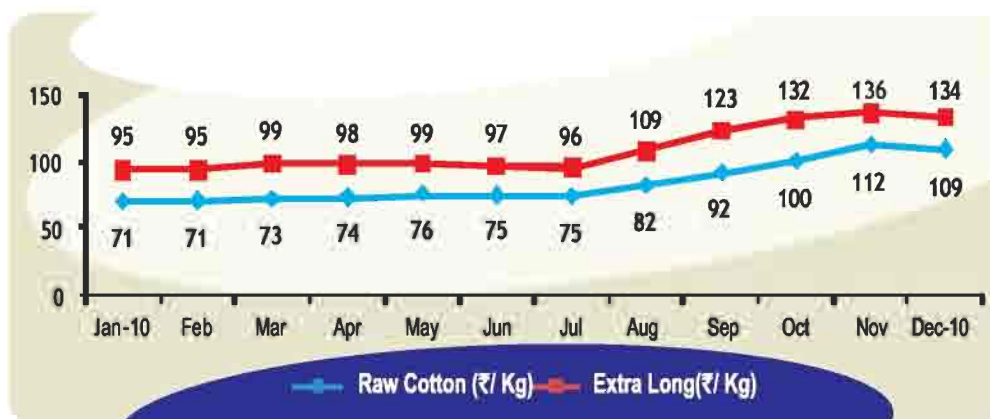
India has the potential to increase its export share in world trade from the current 4.5% to 8% and reach \$80bn by 2020. The high growth of Indian exports is possible due to increased sourcing shift from developed countries to Asia and India's strengths as a suitable alternative to China for global buyers. Labor shortage in China has led to a rise in wages by as much as 30% in FY11 increasing the pressure on margins and improving India's competitiveness in the export markets.

Threats

Soaring cotton prices

Cotton is a key raw material input for the Indian textile industry and cotton prices, to a large extent, determine the profitability of cotton textile units. Prices of raw cotton soared in the past year rising from a level of Rs 71/ Kg in Jan 10 to Rs 109/ Kg in Dec'10 i.e. over 53% increase on YoY basis.

Cotton prices are however expected to remain stable or drop marginally in FY12; this can be attributed to improvement in cotton yield on account of better monsoons. According to estimates of the Cotton Corporation of India, cotton production is expected to be around 32.5mn bales for 2010-11 from 29.5mn bales in 2009-10. Government is keen on allowing export of excess cotton which may keep prices firm in the domestic market.



Source: Ministry of Textiles

Increase in excise duty on readymade garments

Branded readymade garments have been shifted out of optional regime, and mandatory 10% excise duty will be levied on branded readymade garments with full Cenvat credit on inputs, input services, etc. The excise duty levy on branded readymade garments will be based on retail sale price, with abatement of 40% (i.e. levy of 10% excise duty on 60% of the retail sale price). This excise duty increase on the readymade garments and textile made ups is expected to further impact the margins of labour intensive garment industry.

Business Overview

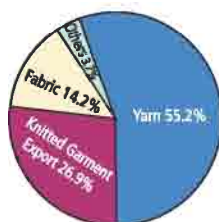
Your Company is a leading textile company with vertically integrated operations in South India spread across the entire textile value chain from fibre to fashion. KPR has a total manufacturing capacity of 220176 spindles (56,200MT of yarn making); 203 knitting machines (21,000MT p.a. of fabric production); processing facility to process 23MT of fabric per day; and 1,750 sewing machines with approximately 63mn pieces of readymade knitted apparel (51mn pieces in-house operating double shift and 12mn outsourced). 65 Windmills with total Power Generation Capacity of 61.07 MW. Our six manufacturing facilities are spread in the Tirupur-Coimbatore belt regarded as one of Asia's largest apparel manufacturing clusters providing close proximity to buyers.

A good year for our Yarn business

The year saw your Company significantly increase revenue contribution from yarn segment to 55% in FY11 from 51% in FY10 owing to increased demand from both domestic and overseas markets. The yarn realization also enhanced significantly, up ~41% YoY to reach Rs.1,82,028/MT during the year. Your Company was able to sustainably achieve ~90% capacity utilization in its yarn segment on the back of improved power availability along with internal measures to control power requirements.

Our other business segments contributed as follows: knitted garment exports 26.9%, fabric 14.2% and others 3.7%.

FY'11-Product Mix (%)



FY'10-Product Mix (%)



Ongoing capacity expansion in premium compact yarn spinning category

Your Company has been proactively moving towards higher value add segments in order to capture the best margins in the textile value chain. Our current ongoing expansion project in compact yarn is driven by this philosophy. As we mentioned in our last report to you, we are investing Rs 310 crore in a Greenfield 100% compact yarn spinning unit at our Karumathampatti plant with installed capacity of

1,03,680 spindles. The expansion is expected to be fully completed by September 2011 in phased manner. Out of this, first phase has been already commissioned in the month of April 2011.

Strategic investments to attain power self-sufficiency

To balance the increased power requirement from the Karumathampatti expansion, your Company has set up additional captive wind power plant of 21.25 MW which has increased its total captive wind power generation capacity to 61.07 MW. The captive power generation will meet 75%-80% of internal requirements and would help your Company maintain its self-reliance for power needs. The windmills, involving an estimated expenditure of Rs 128 Cr, were commissioned in March, 2011.

Continued focus on garmenting division bolstering exports

Our garments business, which is wholly dedicated to export markets, continues to scale up well. Our revenues from this segment grew 23.4% over last year to Rs 283 crore. The key drivers for this growth were new client addition coupled with improved demand from diversified set of clients across our export markets. This was despite the fact that garments pricing was under some pressure during the year owing to increase in prices of yarn and fabric. The contribution from key export markets of your Company i.e. Europe and US is 85.60 % & Australia 12.5%.

Going ahead, India's improved global competitiveness viz-a viz other developing countries such as China and Bangladesh will see it take greater share of the growth and improvement in global demand for textile and apparels.

With our concerted efforts, your Company will emerge as a strong integrated textile house, catering to the diverse requirements of the customers both in domestic as well as overseas markets. The planned increase in capacity will generate economies of scale and adoption of state-of-the-art technology will boost the productivity and quality ensuring greater customer satisfaction.

Internal Control System and their Adequacy

The areas of operations have been segregated into purchase, production, marketing and finance. Various checks and system controls introduced in the functioning of these areas are monitored periodically by the Audit Committee for improvement. The checks and controls in all these areas of operations are considered adequate.

Human Resources

Your Company employs a total work force of 9116 employees, as on 31 March 2011, most of them are female employees.

Your Company's continuous endeavour to adopt unique and dedicated welfare measures ensures low attrition and high motivation among its employees. Besides assuring cordial industrial relation it enables your Company to fulfill its social obligations as a responsible Corporate Citizen.

Coimbatore
30.05.2011

BY ORDER OF THE BOARD
K.P.Ramasamy
Chairman

Auditors' Report

TO THE MEMBERS OF K.P.R. MILL LIMITED

1. We have audited the attached Balance Sheet of K.P.R. MILL LIMITED ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

Coimbatore
30.05.2011

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 008072S
C R Rajagopal
Partner
Membership No.23418

(Referred to in paragraph 3 of our report of even date)

- i) Having regard to the nature of the Company's business/activities/result, clauses iii (b) to (d), (f) & (g), xii, xiii, xiv and xix of CARO are not applicable.
- ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management 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 explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. Therefore, the provision of clause (vi) of the CARO are not applicable.
- viii) In our opinion, the internal audit functions carried out during the year by firm(s) of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of Textiles and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- x) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 on account of disputes are given below:

Annexure to the Auditors' Report

Statute	Nature of Dues	Forum where Dispute is pending	Year to which the amount relates	Amount involved (Rs. in Lakhs)
Income Tax	Disallowance of depreciation and suppression of closing stock	CIT(A)-II	1998-1999	10.53
	Disallowance of depreciation reserve u/s 115JB	CIT(A)-II	2002-2003	5.08
	Disallowance of sales commission to foreign agents	CIT(A)	2005-2006	7.14
	Classification of expenditure	CIT(A)	2005-2006	65.94
Total				88.69
TNEB	Electricity Tax	High Court of Madras	2008-2011	74.09
Central Excise	Classification	Tribunal, Chennai	2001-2002	2.15
	Cenvat on capital goods	Tribunal, Chennai	2005-2006	3.82
Total				5.97
Service Tax	Categorisation of services	Tribunal, Chennai and Commissioner, Salem	2004-2007	27.51

- xi) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.
- xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- xvi) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which is prima facie not prejudicial to the interests of the Company.
- xvii) The Management has disclosed the end use of money raised by public issues and we have verified the same.
- xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

Coimbatore

30.05.2011

For Deloitte Haskins & Sells

Chartered Accountants

Registration No. 008072S

C R Rajagopal

Partner

Membership No.23418

Balance Sheet

Balance Sheet As at 31.03.2011

	Schedule No.	As at 31.03.2011	As at 31.03.2010
		(Rs. in Lakhs)	
I SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	5,268.29	3,768.29
Reserves and Surplus	2	54,246.78	49,824.78
		59,515.07	53,593.07
LOAN FUNDS			
Secured Loans	3	66,147.75	43,919.55
Unsecured Loans	4	1,215.20	1,582.48
		67,362.95	45,502.03
DEFERRED TAX LIABILITY [Note B (4) of Schedule 22]		4,187.53	5,340.07
		1,31,065.55	1,04,435.17
II APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	1,17,635.28	1,01,036.60
Less: Depreciation		36,199.45	24,136.49
Net Block		81,435.83	76,900.11
Add: Capital Work-in-Progress		17,745.21	2,549.84
		99,181.04	79,449.95
INVESTMENTS	6	10.00	10.00
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	26,684.44	12,264.63
Sundry Debtors	8	13,473.77	10,592.04
Cash and Bank Balances	9	3,573.82	5,189.17
Other Current Assets	10	468.11	1,378.87
Loans and Advances	11	5,164.96	7,870.34
		49,365.10	37,295.05
Less: CURRENT LIABILITIES & PROVISIONS	12		
Current Liabilities		16,104.93	9,903.04
Provisions		1,385.66	2,416.79
		17,490.59	12,319.83
NET CURRENT ASSETS		31,874.51	24,975.22
		1,31,065.55	1,04,435.17
Significant Accounting Policies and Notes to Accounts	22		

Schedules 1 to 12 and 22 form part of this Balance Sheet

For and on behalf of the Board

K.P. Ramasamy

Chairman

J.S. Kumar

Vice President (Finance)

Coimbatore

30.05.2011

KPD Sigamani

Managing Director

P. Kandaswamy

Company Secretary

P.Nataraj

Managing Director

"In terms of our report of even date"

For Deloitte Haskins & Sells

Chartered Accountants

Registration No.008072S

C.R. Rajagopal

Partner

Membership No. 23418

Profit and Loss Account

Profit and Loss Account for the year ended 31.03.2011

	Schedule No.	Year Ended 31.03.2011	Year Ended 31.03.2010
(Rs. in Lakhs)			
INCOME			
Sales	13	96,563.09	78,850.24
Other Income	14	9,331.43	4,414.17
		1,05,894.52	83,264.41
EXPENDITURE			
Decrease/(Increase) in Stock	15	(5,152.17)	(266.48)
Cost of Goods Consumed	16	70,523.54	51,984.84
Manufacturing and Direct Expenses	17	6,900.08	6,089.15
Salaries, Wages and Other Employee Benefits	18	5,643.02	4,644.52
Administrative and Other Expenditure	19	1,545.65	2,638.03
Selling and Distribution Expenses	20	1,548.33	1,512.79
		81,008.45	66,602.85
Profit Before Finance Charges, Depreciation and Tax		24,886.07	16,661.56
Less: Finance Charges	21	3,115.60	2,715.90
Depreciation		12,567.54	7,049.73
Profit Before Tax		9,202.93	6,895.93
Current Income Tax		2,168.66	1,171.96
Tax Relating to Earlier Years		1,060.89	-
		3,229.55	1,171.96
Less: MAT Credit Entitlement		-	676.85
		3,229.55	495.11
Deferred Tax Charge		(1,152.55)	1,382.72
		2,077.00	1,877.83
Profit After Tax		7,125.93	5,018.10
Profit brought forward		19,741.75	17,642.25
Profit available for appropriation		26,867.68	22,660.35
Less : Transfer to General Reserve		712.59	501.81
Preference Dividend		61.56	-
Tax on Preference Dividend		10.22	-
Interim Dividend		1,130.49	1,507.32
Tax on Interim Dividend		187.76	250.35
Proposed Dividend		1130.50	565.24
Tax on Proposed Dividend		183.40	93.88
Surplus Transferred to Balance Sheet		23,451.16	19,741.75
		26,867.68	22,660.35
Earning per Share (Basic and Diluted) in Rs. (Face Value Rs 10 per Share)		18.72	13.32
Significant Accounting Policies & Notes to Accounts	22		

Schedules 13 to 21 and 22 form part of this Profit and Loss Account

For and on behalf of the Board

K.P. Ramasamy

Chairman

J.S. Kumar

Vice President (Finance)

Coimbatore

30.05.2011

KPD Sigamani

Managing Director

P. Kandaswamy

Company Secretary

P.Nataraj

Managing Director

"In terms of our report of even date"

For Deloitte Haskins & Sells

Chartered Accountants

Registration No.008072S

C.R. Rajagopal

Partner

Membership No. 23418

Cash Flow Statement

Cash Flow Statement for the Year Ended 31.03.2011

PARTICULARS	Year Ended 31.03.2011	Year Ended 31.03.2010
	(Rs. in Lakhs)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	9,202.93	6,895.93
Depreciation	12,567.54	7,049.73
(Profit) / Loss on Sale of Assets	204.06	27.81
Interest Expenses	3,115.60	2,715.90
Interest Income	(148.54)	(197.70)
Interest & Dividend from Mutual Funds	(60.28)	(103.92)
Operating profit before Working Capital adjustments	24,881.31	16,387.75
(Increase) / Decrease in Sundry Debtors	(2,881.73)	1,052.72
(Increase) / Decrease in Loans and Advances	1,302.76	(2,161.77)
(Increase) / Decrease in Inventories	(14,419.81)	8,439.02
(Increase) / Decrease in Other Current Assets	887.57	982.43
Increase / (Decrease) in Current Liabilities	3,097.22	(8,012.44)
Cash Generated from Operations	12,867.32	16,687.71
Income Tax Paid	(1,826.94)	(989.95)
Cash Flow before extraordinary items	11,040.38	15,697.76
Net Cash from Operating Activities	(A) 11,040.38	15,697.76
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(28,153.43)	(4,538.48)
Proceeds from Sale of Fixed Assets	255.40	99.12
Purchase of Investment	(36,250.00)	(27,460.00)
Proceeds from the sale of investment	36,250.00	27,450.00
Dividend income	60.28	103.92
Interest Receipts	171.75	197.70
Net Cash flow used in Investing Activities	(B) (27,666.00)	(4,147.74)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / Proceeds of Secured Loan	22,004.51	(7,069.13)
Proceeds / (Repayment) of Unsecured Loans	(367.29)	(317.32)
Interest Paid	(2,891.91)	(2,715.90)
Dividend Paid	(3,203.05)	(753.66)
Tax on Dividend	(531.99)	(128.08)
Net Cash used in Financing Activities	(C) 15,010.27	(10,984.09)
Net Increase in Cash and Cash Equivalents	(A+B+C) (1,615.35)	565.93
Cash and cash equivalents as at beginning of the year	5,189.17	4,623.24
Cash and cash equivalents as at end of the year	3,573.82	5,189.17
Cash and cash equivalents is represented by		
Cash on hand	120.95	193.98
Balance with Bank *	3,452.87	4,995.19
	3,573.82	5,189.17

* Includes restricted cash of Rs.1,479.03 Lakhs (Pr.Yr Rs.1,082.39 Lakhs)

For and on behalf of the Board

K.P. Ramasamy

Chairman

J.S. Kumar

Vice President (Finance)

Coimbatore

30.05.2011

KPD Sigamani

Managing Director

P. Kandaswamy

Company Secretary

P.Nataraj

Managing Director

"In terms of our report of even date"

For Deloitte Haskins & Sells

Chartered Accountants

Registration No.008072S

C.R. Rajagopal

Partner

Membership No. 23418

Schedules

Schedules to Balance Sheet

	As at 31.03.2011	As at 31.03.2010
	(Rs. in Lakhs)	
SCHEDULE : 1		
SHARE CAPITAL		
Authorised Share Capital		
4,00,00,000 (Pr.Yr. 4,00,00,000) Equity Shares of Rs.10 each	4,000.00	4,000.00
15,00,000 (Pr.Yr.Nil) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100 each	1,500.00	-
	5,500.00	4,000.00
Issued, Subscribed & Paid up Capital		
3,76,82,892 (Pr.Yr. 3,76,82,892) Equity Shares of Rs.10 each fully paid-up	3,768.29	3,768.29
15,00,000 (Pr.Yr.Nil) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100 each	1,500.00	-
	5,268.29	3,768.29
[Refer Note B(1) of Schedule 22]		
SCHEDULE : 2		
RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	15,232.77	15,232.77
	15,232.77	15,232.77
General Reserve		
As per last Balance Sheet	14,850.26	14,348.45
Add : Transfer from Profit and Loss Account	712.59	501.81
	15,562.85	14,850.26
Profit and Loss Account		
Surplus in Profit and Loss Account	23,451.16	19,741.75
	23,451.16	19,741.75
	54,246.78	49,824.78
SCHEDULE : 3		
SECURED LOANS *		
From Banks		
(a) Term Loans	45,740.43	35,045.79
(b) Hypothecation Loans for working capital	19,292.44	8,873.76
(c) Packing Credit from Banks	1,114.88	-
	66,147.75	43,919.55
* Refer Notes B(2) of Schedule 22		
SCHEDULE : 4		
UNSECURED LOANS		
Interest Free Sales Tax Loan	1,215.20	1,582.48
	1,215.20	1,582.48

SCHEDULE : 5 FIXED ASSETS

Particulars	Gross Block				Depreciation			Net Block	
	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the Year	Withdrawn on deletions	As at 31.03.2011	As at 31.03.2011
Land	519.44 518.78	1,730.74 0.66	0.66	2,249.52 519.44					2,249.52 519.44
Factory Building	14,067.80	36.12		14,103.92	1,500.89	470.29		1,971.18	12,132.74
Buildings	14,055.33	12.47		14,067.80	1,031.10	469.79		1,500.89	12,566.91
	5,965.12	23.02		5,988.14	231.48	97.26		328.74	5,659.40
	5,373.87	591.25		5,965.12	141.01	90.47		231.48	5,733.64
Plant & Machinery	51,441.85	2,682.89	912.51	53,212.23	15,924.13	5,135.21	482.29	20,577.05	32,635.18
	50,540.65	1,096.45	195.25	51,441.85	11,070.27	4,944.86	91.00	15,924.13	35,517.72
Wind Mill	22,202.64	12,752.31		34,954.95	4,812.02	6,347.63		11,159.65	23,795.30
	22,202.64			22,202.64	3,757.39	1,054.63		4,812.02	17,390.62
Electrical	3,821.95	86.95	5.14	3,903.76	978.80	275.07	2.03	1,251.84	2,651.92
	3,753.88	84.41	16.34	3,821.95	712.42	267.06	0.68	978.80	2,843.15
Furniture & Fixtures	2,354.38	152.28	15.58	2,491.08	437.49	154.54	3.95	588.08	1,903.00
	2,176.66	179.87	2.15	2,354.38	292.11	145.85	0.46	437.49	1,916.89
Computers & Accessories	267.22	50.07	8.03	309.26	117.85	47.21	5.10	159.96	149.30
	236.12	31.10		267.22	78.00	39.85		117.85	149.37
Vehicles	396.20	48.35	22.13	422.42	133.83	40.33	11.21	162.95	259.47
	386.47	27.56	17.83	396.20	104.03	37.23	7.43	133.83	262.37
TOTAL	1,01,036.60	17,562.73	964.05	1,17,635.28	24,136.49	12,567.54	504.58	36,199.45	81,435.83
	99,244.40	2,023.77	231.57	1,01,036.60	17,186.33	7,049.74	99.57	24,136.49	76,900.11

Note: Previous year figures are in italics

Schedules

Schedules to Balance Sheet

	As at 31.03.2011	As at 31.03.2010
	(Rs. in Lakhs)	
SCHEDULE : 6		
INVESTMENTS		
Long Term, Non Trade, Unquoted		
In Subsidiary		
1,00,000 (Pr.Yr.1,00,000) Equity Shares of Rs 10 each of Quantum Knits Pvt. Limited	10.00	10.00
	10.00	10.00
SCHEDULE: 7		
INVENTORIES		
Stock-in-trade		
(a) Raw Materials		
Cotton	18,570.31	9,189.02
Dyes & Chemicals	137.10	117.19
Yarn & Fabric	32.10	71.50
	18,739.51	9,377.71
(b) Finished Goods		
Yarn	5,669.45	539.32
Fabric	472.05	819.29
Garment	372.03	4.53
	6,513.54	1,363.14
(c) Stock-in-process	857.79	750.01
(d) Trims, Packing and Others	573.60	773.77
	26,684.44	12,264.63
SCHEDULE: 8		
SUNDRY DEBTORS		
Unsecured - considered good		
Debts Outstanding -exceeding six months	280.55	275.80
Other Debts	13,193.22	10,316.24
	13,473.77	10,592.04
SCHEDULE: 9		
CASH AND BANK BALANCES		
(a) Cash on Hand	120.95	193.98
(b) Balance with Scheduled Banks		
i) In Current Accounts *	1,073.07	1,665.91
ii) In Deposit Accounts **	2,379.80	3,329.28
	3,573.82	5,189.17

* includes Unclaimed Dividend of Rs 5.26 Lakhs (Pr.Yr.Rs 2.99 Lakhs)

** includes Margin Deposits of Rs 1,473.77 Lakhs (Pr.Yr.Rs 1,079.40 Lakhs)

Schedules

Schedules to Balance Sheet

	As 31.03.2011	As at 31.03.2010
	(Rs. in Lakhs)	
SCHEDULE: 10		
OTHER CURRENT ASSETS		
Interest Receivable on Bank Deposits	49.11	66.87
Income Receivable	419.00	1,312.00
	468.11	1,378.87
SCHEDULE: 11		
LOANS AND ADVANCES		
Unsecured - considered good		
Advance recoverable in Cash or in kind	3,119.04	4,427.15
Other Loans and Advances	1,084.92	996.99
Advance Tax *	16.76	11.44
MAT Credit Entitlement	102.08	1,510.01
Balance with Government Authorities etc.,	842.16	924.75
	5,164.96	7,870.34
* Net of Provision for Income Tax Rs. 2,168.05 Lakhs (Pr.Yr. Rs.1,171.96 Lakhs)		
SCHEDULE: 12		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
- Micro, Small and Medium Enterprises [Refer Note B(6) of Schedule 22]	-	-
- Others	6,457.99	4,130.72
Creditors for Capital Expenditure	5,306.96	2,202.30
Liabilities for Expenses	3,603.38	3,204.67
Advance Received from Customers	66.55	129.73
Other Liabilities *	670.05	235.62
	16,104.93	9,903.04
Provisions		
Provision for Preference Dividend	61.56	-
Provision for Tax on Preference Dividend	10.22	-
Interim Dividend	-	1,507.32
Tax on Interim Dividend	-	250.35
Proposed Dividend	1,130.49	565.24
Tax on Proposed Dividend	183.39	93.88
	1,385.66	2,416.79
	17,490.59	12,319.83

* Includes Unclaimed Dividend of Rs 5.26 Lakhs (Pr.Yr.Rs 2.99 Lakhs)

Note : There are no amount due to be credited to investor education and protection fund

Schedules

Schedules to Profit and Loss Account

	Year ended 31.03.2011	Year ended 31.03.2010
	(Rs. in Lakhs)	
SCHEDULE: 13		
SALES		
Export	15,958.34	19,567.30
Domestic	80,604.75	59,282.94
	96,563.09	78,850.24
SCHEDULE: 14		
OTHER INCOME		
Export Incentives	1,172.25	1,669.30
Job work Receipts *	5,514.55	1,723.01
Interest on Bank Deposits & EB *	148.55	197.70
Dividend from Mutual Funds	60.28	103.92
Other Receipts *	2,435.80	720.24
	9,331.43	4,414.17
* TDS Rs. 119.19 Lakhs (Pr.Yr.Rs 97.95 Lakhs) [Refer Note B(9)(e) of Schedule 22]		
SCHEDULE: 15		
DECREASE/(INCREASE) IN STOCK		
A) OPENING STOCK		
Yarn	539.32	395.53
Fabric	819.29	104.85
Waste	185.87	16.49
Garments	4.53	781.68
Stock-in-Process		
Cotton	706.90	686.65
Fabric	43.11	47.34
	2,299.02	2,032.54
B) CLOSING STOCK		
Yarn	5,669.45	539.32
Fabric	472.05	819.29
Garments	372.03	4.53
Waste	79.87	185.87
Stock-in-Process		
Cotton	848.30	706.90
Fabric	9.49	43.11
	7,451.19	2,299.02
	(5,152.17)	(266.48)

Schedules

Schedules to Profit and Loss Account

	Year ended 31.03.2011	Year ended 31.03.2010
	(Rs. in Lakhs)	
SCHEDULE: 16		
COST OF GOODS CONSUMED		
a) Opening Stock		
Cotton	9,189.02	17,549.09
Dyes & Chemicals	117.19	109.80
Yarn & Fabric	71.50	364.70
	9,377.71	18,023.59
b) Add: Purchases		
Cotton	64,887.11	28,677.58
Dyes & Chemicals	1,396.63	911.53
Yarn & Fabric	12,662.44	12,215.19
Trims, Packing & Others	939.16	1,534.66
	79,885.34	43,338.96
c) Less: Closing Stock		
Cotton	18,570.31	9,189.02
Dyes & Chemicals	137.10	117.19
Yarn & Fabric	32.10	71.50
	18,739.51	9,377.71
	70,523.54	51,984.84
SCHEDULE: 17		
MANUFACTURING AND DIRECT EXPENSES		
Power & Fuel	3,087.50	2,438.19
Consumption of Stores	994.26	790.10
Insurance Charges	175.28	204.99
Production Expenses	505.71	1,113.92
Repairs and Maintenance		
Building	182.23	140.21
Machinery	1,812.04	1,316.88
Others	143.06	84.86
	6,900.08	6,089.15
SCHEDULE: 18		
SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS		
Salaries, Wages & Bonus	4,879.31	4,048.73
Contribution to Provident Fund, ESI & Other Funds	575.19	283.50
Welfare Expenses	188.52	312.29
	5,643.02	4,644.52

Schedules

Schedules to Profit and Loss Account

SCHEDULE: 19

ADMINISTRATIVE AND OTHER EXPENSES

	Year ended 31.03.2011	Year ended 31.03.2010
	(Rs. in Lakhs)	
Postage & Telephone Charges	61.68	65.33
Advertisement Expenses	14.79	8.39
Legal & Professional Charges	92.52	59.46
Rent	18.22	13.74
Rates & Taxes	45.75	29.31
Directors' Sitting Fees	5.30	5.00
Auditors' remuneration [Refer Note B (5) to Schedule 22]	6.89	5.90
Loss on sale of Fixed assets (Net)	204.06	27.81
Travelling Expenses	134.20	130.12
Donations	212.43	103.80
Other Expenses	749.81	2,189.17
	1,545.65	2,638.03

SCHEDULE: 20

SELLING AND DISTRIBUTION EXPENSES

Carriage Outwards	282.34	294.61
Commission & Brokerage	681.74	717.24
Clearing & Forwarding	455.17	449.54
Other Selling Expenses	129.08	51.40
	1,548.33	1,512.79

SCHEDULE: 21

FINANCE CHARGES

on Term Loans	2,478.57	1,895.80
on Working Capital Loans	588.31	675.66
Bank Charges	48.72	144.44
	3,115.60	2,715.90

SCHEDULE: 22

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with the Accounting Principles generally accepted in India (Indian GAAP) and comply with mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable.

2. USE OF ESTIMATES

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Actual results could differ from those estimates.

3. FIXED ASSETS AND DEPRECIATION

- i) Fixed assets and intangibles are stated at cost less accumulated depreciation. 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.
- ii) Borrowing costs directly attributable to acquisition or construction of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized.
- iii) Expenditure during construction period in respect of new projects is included under capital work-in-progress and the same is allocated to the fixed assets on the commissioning of the respective projects.
- iv) Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956, except in respect of windmill which is depreciated at 8.33% based on the management's estimate of useful life of such assets.

4. CASH FLOW STATEMENT

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 Cash Flow Statement.

5. INVENTORIES

Inventories are valued at lower of cost or net realizable value. Cost is ascertained on Specific identification method/FIFO method as appropriate. Cost includes all direct costs and applicable production overheads, to bring the goods to the present location and condition.

- i) Raw Materials, Stock-In-Process, Stores, Spares, Consumables, Packing and other Materials are valued at lower of Cost or net realizable value.
- ii) Finished goods are valued at lower of cost or net realizable value.
- iii) Waste and Scrap are valued at net realizable value.

6. REVENUE RECOGNITION

Sales includes sale of products, waste and windmill power. Revenue from sale of products and waste are recognized when the property in goods are transferred. Revenue from sale of windmill power is recognized when invoiced.

7. EXCISE DUTY

The Company has opted to adopt for Exempted Route under Central Excise for local sales. Accordingly, CENVAT credit on inputs is not available to the Company.

8. RETIREMENT BENEFITS

(a) Short Term:

Short term employee benefits are charged off at the un discounted amount in the year in which the related service is rendered.

(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.

ii) Gratuity Fund

This is a defined benefit plan. The Company makes annual contribution to a Gratuity Fund administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur. The Retirement Benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

(c) Leave encashment:

There is no scheme for encashment of unavailed leave on retirement.

9. INVESTMENTS

Long term investments are stated at cost. The diminution, if any, in the value of investments is not recognised unless such diminution is considered permanent in nature. Current investments are stated at lower of cost or market value.

10. FOREIGN EXCHANGE TRANSACTIONS

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transactions. Foreign currency monetary items

as at the Balance sheet date are restated at the closing exchange rates. Non-monetary foreign currency items are carried at cost. Exchanges differences arising on actual payments/realizations and year end restatements are recognized in the profit and loss accounts.

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchanges contract or similar instrument is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognized as income or expense for the year.

11. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes on accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

12. TAXATION

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

Deferred tax assets in case of unabsorbed losses are recognized only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

13. IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

14. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding for the period. The

weighted average numbers of shares outstanding during the period are adjusted for events of bonus issue and share split.

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 adjusted for the effects of all dilutive potential equity shares.

B. NOTES FORMING PART OF ACCOUNTS

1. SHARE CAPITAL

(i) Share Capital

- 1,29,51,000 Equity shares of Rs.10 each issued on 06.10.2006 pursuant to High Court order dated 19.08.2006 approving the Scheme of amalgamation of K P R Mill Private Limited and K P R Spinning Mill Private Limited with K P R Mill Limited (formerly known as K P R Cotton Mills Private Limited)
- 72,651 Equity shares of Rs.10 each issued on 15.02.2006 for take over of business of K P R Knits
- 1,58,85,396 Equity shares issued on 01.03.2007 as fully paid up bonus shares by Capitalization of Securities Premium Account.
- Pursuant to the approval of share holders at the Extra-ordinary General Meeting held on 01.03.2007, the Company made an Initial Public Offer and on 20.08.2007 issued and allotted 59,12,100 Equity shares of Rs. 10/-each at a premium of Rs. 215/- per share aggregating to Rs. 13,302.23 Lakhs. Consequent to above, the paid up equity share capital has increased by Rs. 591.21 Lakhs
- Pursuant to the approval of share holders at the Annual General Meeting held on 25.08.2010, the Company allotted 7% redeemable cumulative non convertible preference shares to K.P.R Developers Ltd as a consideration other than cash.

(ii) Utilization of Initial Public Offer (IPO) Funds upto March 31, 2011

	(Rs. in Lakhs)	
Details	2010-11	2009-10
Proceeds from issue of shares	13,302.23	13,302.23
Less:- Issue Expenses	1,218.66	1,218.66
Net IPO Proceeds	12,083.57	12,083.57
Less:- Utilization of Funds	12,083.57	4,980.84
Unutilized IPO Funds	-	7,102.73

2. SECURITY PROVIDED TO THE BANKS, FINANCIAL INSTITUTIONS

For Working capital limits, the first charge has been given to the respective lenders by way of hypothecation of inventories and book debts. The second charge on current assets has been given on pari-passu basis to Banks for Term loan lent by them.

For Term Loans, the first charge on fixed assets is given to the respective Banks. The second charge on fixed assets has been given to

working capital lending banks on pari-passu basis. Term Loan repayable within one year Rs. 7,544.52 Lakhs (Pr.Yr. Rs.7,351.36 Lakhs). The term loans guaranteed by the Chairman and Managing Directors aggregate to Rs. 355.42 Lakhs (Pr.Yr. Rs.711.42 Lakhs)

3. CONTINGENT LIABILITIES NOT PROVIDED FOR IN THE ACCOUNTS

- a. The Company is in receipt of a demand of Rs.81.50 Lakhs (Pr.Yr. Rs.81.50 Lakhs) from the 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.
- b. The Company has issued Bank Guarantee amounting to Rs. 79.59 Lakhs (Pr.Yr. Rs.145.59 Lakhs) in favour of EPCG and Bank Guarantee amounting to Rs.5.00 Lakhs (Pr.Yr. Rs.5.00 Lakhs) in favour of Tamilnadu Pollution Control Board and Bank Guarantee amounting to Rs.148.50 Lakhs (Pr.Yr. NIL) in favour of Madras Aluminium Company Ltd. The Company issued Corporate Guarantee amounting to Rs.6,000.00 Lakhs (Pr.Yr. Rs.3,000.00 Lakhs) towards working capital facility of the wholly owned subsidiary.
- c. The Company has an Export obligation of Rs. 76,672.42 Lakhs (Pr.Yr. Rs. 41,611.47 Lakhs) to be completed upto 2017-18. The duty implication involved is Rs.9,584.05 Lakhs (Pr.Yr. Rs. 5,150.93 Lakhs).
- d. At the request of the Company the Bankers have established Letter of Credits in favour of the suppliers of the Company as under:
Foreign Letter of Credits - Rs. 6,844.75 Lakhs (Pr.Yr. Rs.9.22 Lakhs)
- e. The Company has discounted sale bills amounting to Rs.922.51 Lakhs (Pr.Yr. Rs.1,160.89 Lakhs) with banks.
- f. The Company has obtained a stay order at High Court of Madras restraining TNEB from Collection of tax under Tamilnadu Tax on Consumption and Sale of Electricity Act, in respect of maximum demand charges. The estimated Contingent liability will be Rs.74.09 Lakhs (Pr.Yr. Rs.47.88 Lakhs)
- g. Income Tax pending appeals, aggregate Tax Disputed Rs. 88.69 Lakhs (Pr.Yr. Rs.146.40 Lakhs). Central Excise pending appeals, aggregate Duty Disputed Rs.5.97 Lakhs (Pr.Yr. Rs.5.97 Lakhs). Service tax pending appeals, Tax disputed Rs. 27.51 Lakhs (Pr.Yr. Rs.28.01 Lakhs).
- h. Estimated Amount of contracts on capital account remaining to be executed (net of advances) aggregate to Rs. 12,203.08 Lakhs (Pr.Yr. Rs.18,977.08 Lakhs).

4. Deferred Tax

In accordance with the Accounting Standard 22, "Accounting for

Taxes on Income", the Company has credited during the current year a sum of Rs.1,152.55 Lakhs (Pr. Yr. debited Rs.1,382.72 Lakhs) as deferred tax charge. Details of deferred tax liability/(Asset) are:-

(Rs. in Lakhs)			
Particulars	Deferred Tax Liability as at 01.04.2010	Current Year Charge/(Credit)	Deferred Tax Asset/Liability as at 31.03.2011
Depreciation	6,263.43	(2,075.91)	4,187.52
Others	(923.36)	923.36	-
Net Deferred Tax Liability	5,340.07	(1,152.55)	4,187.52

5. Payment to Auditors

(Rs. in Lakhs)		
Particulars	2010-11	2009-10
Audit fees	5.00	5.00
Tax Audit and Tax Matters	-	-
Other Services	0.99	-
Expenses (incl. Service Tax)	0.90	0.90
Total	6.89	5.90

6. Micro, Small and Medium Enterprises

In accordance with the Notification No: GSR 719 (E) dated 16.11.2007 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 from 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.

7. Provision for liabilities

In the view of the Management, the provisions created for the Liabilities are adequate.

8. Related Party disclosures

In accordance with Accounting Standard 18 – "Related Party Disclosure", the company has compiled the required information as detailed below, as identified and disclosed by the management and relied upon by the Auditors:

Schedules

Accounting Policies and Notes to Accounts

A. Name of related parties and nature of relationship where control exists are as under

Key Management Personnel	Sri K.P.Ramasamy Sri KPD. Sigamani Sri P.Nataraj Sri C.R.Ananda Krishnan
Relatives of Key Managerial Personnel	Sri E.K. Sakthivel (Daughter's Husband of Sri. KPD. Sigamani) Smt. D. Geetha (Daughter of Sri. KPD. Sigamani)
Enterprises owned or significantly influenced by key management personnel/Directors or their relatives	M/s K.P.R. Developers Limited
Subsidiary Company	Quantum Knits Pvt. Limited

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

					(Rs. in Lakhs)
Nature of Transaction	Enterprises owned or significantly influenced by key management personnel/Directors or their relatives	Key Managerial Persons	Relatives to Key Managerial Persons	Subsidiary Company	Total as on 31/03/2011
Purchase of Goods/Asset	1,550.00	--	--	1,816.13	3,366.13
	--	--	--	(1,274.67)	(1,274.67)
Sales of Goods	--	--	--	5,784.63	5,784.63
	--	--	--	(3,048.10)	(3,048.10)
Issue of Preference Shares	1,500.00	--	--	--	1,500.00
	--	--	--	--	--
Lease Rent	--	0.80	--	--	0.80
	--	(0.80)	--	--	(0.80)
Remuneration / Salary	--	831.49	19.81	--	851.30
	--	(300.00)	(21.81)	--	(321.81)
Processing / Service Charges income	--	--	--	2,637.90	2,637.90
	--	--	--	(779.19)	(779.19)
Processing / Service Charges Expenses	--	--	--	84.67	84.67
	--	--	--	(571.45)	(571.45)
Amount Receivable	--	--	--	534.71	534.71
	--	--	--	(2,427.75)	(2,427.75)
Land Advance*	--	600.00	--	--	600.00
	--	(600.00)	--	--	(600.00)
Amount Payable	--	413.44	--	--	413.44
	--	(86.49)	(0.21)	--	(86.70)

(Previous year figures are in Brackets) * Refer note B(13) of Schedule 22

C. Details of major transactions with related parties:

(Rs. in Lakhs)			(Rs. in Lakhs)		
a) Lease Rent Name	2010-11	2009-10	c) Land Advance Name	2010-11	2009-10
Sri K.P.Ramasamy	0.27	0.27	Sri K.P.Ramasamy	200.00	200.00
Sri KPD Sigamani	0.27	0.27	Sri KPD Sigamani	200.00	200.00
Sri P.Nataraj	0.26	0.26	Sri P.Nataraj	200.00	200.00
Total	0.80	0.80	Total	600.00	600.00

(Rs. in Lakhs)			(Rs. in Lakhs)		
b) Remuneration/Salary Name	2010-11	2009-10	d) Amount Payable Name	2010-11	2009-10
Sri K.P.Ramasamy	275.83	100.00	Sri K.P.Ramasamy	136.76	28.83
Sri KPD Sigamani	275.83	100.00	Sri KPD Sigamani	136.75	28.83
Sri P.Nataraj	275.83	100.00	Sri P.Nataraj	136.76	28.83
Sri C.R.Ananda Krishnan	4.00	--	Sri C.R.Ananda Krishnan	3.17	-
Total	831.49	300.00	Total	413.44	86.49

9. ADDITIONAL PARTICULARS AS REQUIRED BY PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

QUANTITATIVE INFORMATION

a. Production and Sales

Installed capacity

Product	UOM	31-3-2011	31-03-2010
Yarn	Spindles	2,20,176	2,12,064

(Rs. in Lakhs)

Particulars	Product	UOM	31.03.2011		31.03.2010	
			Quantity	Value	Quantity	Value
Production / Purchases	Garment	Lakh Pieces	149.64	--	226.97	-
	Yarn	Metric Tonne	44,897.20	--	43,578.98	-
	Fabric	Metric Tonne	9,454.98	--	10,720.59	-
	Dyed Fabric	Metric Tonne	--	--	1,933.65	-
	Waste	Metric Tonne	8,476.23	--	9,029.58	-
Opening Stock	Garment	Lakh Pieces	0.05	4.53	12.47	781.68
	Yarn	Metric Tonne	424.38	539.32	339.75	395.53
	Fabric	Metric Tonne	95.06	124.07	64.29	74.62
	Dyed Fabric	Metric Tonne	383.03	695.22	13.74	30.22
	Waste	Metric Tonne	610.74	185.87	47.20	16.49
Closing Stock	Garment	Lakh Pieces	5.76	372.03	0.05	4.53
	Yarn	Metric Tonne	3,317.43	5,669.45	424.38	539.32
	Fabric	Metric Tonne	142.23	437.16	95.06	124.07
	Dyed Fabric	Metric Tonne	--	--	383.03	695.22
	Waste	Metric Tonne	116.33	79.87	610.74	185.87

Schedules

Accounting Policies and Notes to Accounts

(Rs. in Lakhs)

Particulars	Product	UOM	31.03.2011		31.03.2010	
			Quantity	Value	Quantity	Value
Sales	Garment	Lakh Pieces	143.93	14,227.30	239.39	19,053.53
	Yarn	Metric Tonne	32,546.81	59,244.28	32,882.12	41,977.82
	Fabric	Metric Tonne	9,407.81	18,511.00	10,689.82	14,753.63
	Dyed Fabric	Metric Tonne	383.03	943.57	1,564.36	3,575.88
	Waste	Metric Tonne	8,970.65	3,490.54	8,466.44	2,867.50
Captive Consumption	Yarn	Metric Tonne	9,457.35	--	10,612.23	-

b. Raw Material Consumed – Cotton

Particulars	2010-11			2009-10		
	Quantity in Kgs	Rs. in Lakhs	%	Quantity in Kgs	Rs. in Lakhs	%
Import				1,60,99,398	9,084.79	24.53
Domestic	5,34,64,696	55,505.82	100	3,66,03,509	27,952.86	75.47
Total	5,34,64,696	55,505.82	100	5,27,02,907	37,037.65	100.00

c. Expenditure in Foreign Currency

Particulars	(Rs. in Lakhs)	
	2010-11	2009-10
Travel, sales commission etc.,	235.41	22.05
Interest	168.12	510.87
Professional Fees	0.75	--
Value of imports on CIF basis		
Raw Material	2,118.02	13,956.58
Stores and Spare parts	369.44	331.29
Machinery	2,728.38	576.31
Total	5,620.12	15,397.10

f. Amount remitted during the year in Foreign Currencies:

Particulars	2010-11	2009-10
i) On account of Dividends (Rs. in Lakhs)	94.08	22.14
ii) Number of Non-Resident Share Holders	1	1
iii) Number of Shares held by Non-Resident Share Holders On which Dividends are due	11,06,784	11,06,784
iv) The year to which dividends relate	2009-10 & 2010-11	2008-09

d. Earnings in Foreign Currency

Particulars	(Rs. in Lakhs)	
	2010-11	2009-10
Export of Goods at FOB value	15,958.34	19,567.31

e. Tax deducted at source

Particulars	(Rs. in Lakhs)	
	2010-11	2009-10
On Interest receipts	15.00	65.99
On Job work charges	103.74	31.96
On Rent Receipts	0.45	--
On Professional charges	2.29	-
Total	121.48	97.95

10. Managerial Remuneration

Computation of Net Profit in accordance with Section 349 of the Companies act, 1956 and calculation of Chairman & Managing Director's Commission for the Year Ended 31-03-2011:

(Rs. in Lakhs)		
Particulars	2010-11	2009-10
Profit before Tax as per profit & Loss Account	9202.93	6895.93
Add: Commission to Chairman / Managing Directors	839.39	234.70
Directors' Sitting Fees	5.30	5.00
Loss on Sale of Fixed Assets	204.12	27.81
Less: Profit on Sale of Investments	--	--
Dividend from investments	60.28	103.92
Net profit as per Section 198 of the Companies Act, 1956	10191.46	7059.52
6% Commission on Net Profits to Chairman & M.Ds	611.49	423.57
Commission to Chairman / Sri KPD Sigamani, MD / Sri P.Nataraj, MD	611.49	228.00
Overall managerial remuneration restricted to	839.39	306.70

(Rs. in Lakhs)					
Name	Designation	Salary	Commission	Total 2010-11	Total 2009-10
Sri K.P.Ramasamy	Chairman	72.00	203.83	275.83	100.00
Sri KPD Sigamani	Managing Director	72.00	203.83	275.83	100.00
Sri P.Nataraj	Managing Director	72.00	203.83	275.83	100.00
Sri C.R.Ananda Krishnan	Executive Director	4.00	-	4.00	-
Sri A.Sekar	Whole Time Director	7.90	--	7.90	6.70
Total		227.90	611.49	839.39	306.70

11. Earnings Per Share (EPS)

Particulars	31-03-2011	31-03-2010
Profit After Tax and Preference dividend & tax thereon (Rs. In Lakhs)	7,054.14	5018.10
Weighted Average No. of Shares	3,76,82,892	3,76,82,892
EPS (Rs.) Basic & Diluted	18.72	13.32
Face Value Per Share (Rs)	10.00	10.00

12. Segment Reporting

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

13. The Promoters had leased out the land to the Company. During March 2009 the Company has entered into an agreement with the Promoters, whereby the Company has an option to purchase those Lands as and when required, within the period of lease agreement.

14. Captive consumption of windmill power

The power cost is net of value of captively consumed units.

15. Disclosures required under revised Accounting Standard 15 are as follows:

a) Defined Contribution Plan

	(Rs. in Lakhs)	
Particulars	2010-11	2009-10
Provident fund	342.12	227.27

b) Defined Benefit Plan

Gratuity

	(Rs. in Lakhs)	
Particulars	Funded Gratuity 2010-11	Funded Gratuity 2009-10
A. Changes in present value of obligation		
PV of obligation as at beginning of the year	52.17	60.21
Current service cost	15.19	8.26
Interest cost	4.17	3.29
Actuarial (gain) / loss on obligation	(6.91)	(16.03)
Obligation transferred to subsidiary	-	(3.56)
PV of obligation as at end of the year	64.62	52.17
B. Change in Assets during the year ended 31st March		
FV of Plan Asset as at beginning of the year	59.02	55.94
Expected return on Plan Assets	4.72	4.54
Actuarial gain / (loss)	0.06	(3.10)
Contributions by the employer	11.97	5.20
Asset transferred to subsidiary	-	(3.56)
FV of Plan Assets as at end of the year	75.78	59.02
C. Net Asset/(Liability) recognized in the Balance Sheet		
PV of obligation as at end of the year	64.62	52.17
FV of Plan Assets as at end of the year	75.78	59.02
Funded Status [Surplus/(Deficit)]	11.16	6.85
D. Expenses recognized during the period ended 31st March		
Current service cost	15.19	8.26
Interest cost	4.17	3.29
Expected return on Plan Assets	(4.72)	(4.54)
Actuarial (gains) / losses	(6.96)	(12.93)
Net amount recognised in Profit and Loss Account	7.68	(5.92)
E. Categories of plan assets as a percentage of Total plan assets		
Equity instruments	-	-
Debt instruments	-	-
Property	-	-
Insurer managed asset	100%	100%

Assumptions used in accounting for the gratuity plan

Particulars	Gratuity 2010-11	Gratuity 2009-10
Discount Rate (per annum)	8.0%	8.0%
Rate of increase in compensation levels (per annum)	7.0%	7.0%
Rate of return on plan assets (per annum)	8.0%	9.15%
Expected average remaining working lives of employees (years)	29.80	29.20

In the absence of detailed information regarding Plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed. The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation report and hence, are not furnished.

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. The above information is certified by actuary.

16. Details of Investments Purchased and Redeemed during the year

	(Rs. in Lakhs)	
Particulars	Year ended 2010-11	Year ended 2009-10
HDFC Mutual Fund	15,100.00	5,550.00
Reliance Mutual Fund	21,150.00	20,700.00
ICICI Mutual Fund	-	1,200.00
Total	36,250.00	27,450.00

17. Dividend Receipts from Mutual Funds

	(Rs. in Lakhs)	
Particulars	Dividend Receipts	
	2010-11	2009-10
HDFC Mutual Fund	26.84	52.09
Reliance Mutual Fund	33.44	50.78
ICICI Mutual Fund	-	1.05
Total	60.28	103.92

18. During the year, based on the reassessment of the useful lives of its windmill, the Company has determined the depreciation/ amortisation rates of its fixed assets to be as under:

Asset Type	Depreciation/amortisation rate on straight line basis in earlier periods	Revised Depreciation/amortisation rate on straight line basis
Wind Mill	4.75%	8.33%

As a result of the change, the depreciation charge for the year ended March 31, 2011 is higher by Rs.5,253.42 Lakhs

19. Related Party Disclosures as per Listing Agreement entered into by the Company with Stock Exchanges:

	(Rs in Lakhs)			
Particulars	As at 31.03.2011	As at 31.03.2010	Maximum amount outstanding during the year	
			2010-11	2009-10
Loans and Advances to Subsidiaries: Quantum Knits Private Limited	-	-	-	-
Loans and Advances to Associates:	-	-	-	-
Loans and advances in the nature of loans where there is:	-	-	-	-
(i) no repayment schedule:	-	-	-	-
(ii) no interest or interest below section 372A of the Companies Act, 1956:	-	-	-	-
Loans and advances to companies/firms in which directors are interested	-	-	-	-
Investments by the loane in the shares of the Company when there is an existing loan	-	-	-	-

20. Previous Year's Figures

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Signatures to Schedules 1 to 22

For and on behalf of the Board

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P Nataraj
Managing Director

J S Kumar
Vice President (Finance)

P Kandaswamy
Company Secretary

Coimbatore
30.05.2011

I. Registration Details

Registration No.	L17111TZ2003PLC010518	State Code	181
Balance Sheet Date	31032011		

II. Capital raised during the year (Amount in Rs. Thousands)

Public issue	NIL	Rights issue	NIL
Bonus issue	NIL	Private Placement	150000

III. Positions of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	14855614	Total Assets	14855614
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Source of Funds

Paid up Capital	526829	Reserves and Surplus	5424678
Share Application Money	0		
Secured loans	6614775	Unsecured Loans	121520
Deferred Tax Liability	418753	Current Liabilities	1749059

Application of Funds

Net Fixed Assets	9918104	Investments	1000
Current Assets	4936510	Accumulated Losses	NIL

IV. Performance of Company (Amount in Rs. Thousands)

Turnover*	10589452	Total Expenditure	9669159
Profit before Tax	920293	Profit After Tax	712593
Earnings Per Share	18.72	Dividend Rate %	60

* Turnover includes other income

V. Generic Names of Three principal products / Services of the Company (as per monetary terms)

Item Code No.	52.05	Product Description	COTTONYARN
Item Code No.	61.14	Product Description	GARMENTS
Item Code No.	60.06	Product Description	KNITTEDFABRICS

For and on behalf of the Board

K.P.Ramasamy
ChairmanKPD Sigamani
Managing DirectorP.Nataraj
Managing DirectorJ.S.Kumar
Vice President (Finance)P.Kandaswamy
Company SecretaryCoimbatore
30.05.2011

Auditor's Report

TO THE BOARD OF DIRECTORS OF K.P.R. MILL LIMITED

1. We have audited the attached Consolidated Balance Sheet of **K.P.R. MILL LIMITED** ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at 31st March, 2011 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit on individual financial statements of the Company and its aforesaid subsidiary and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Coimbatore
30.05.2011

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 008072S

C R Rajagopal
Partner
Membership No.23418

Consolidated Balance Sheet

Consolidated Balance Sheet As at 31.03.2011

	Schedule No.	As at 31.03.2011	As at 31.03.2010
		(Rs. in Lakhs)	
I SOURCES OF FUNDS:			
SHARE HOLDERS' FUNDS			
Share Capital	1	5,268.29	3,768.29
Reserves and Surplus	2	54,367.01	49,850.19
		<u>59,635.30</u>	<u>53,618.48</u>
LOAN FUNDS			
Secured Loans	3	71,297.20	43,919.55
Unsecured Loans	4	1,215.20	1,582.48
		<u>72,512.40</u>	<u>45,502.03</u>
DEFERRED TAX LIABILITY		<u>4,187.53</u>	<u>5,340.07</u>
[Note B (3) of Schedule 21]			
		<u>1,36,335.23</u>	<u>1,04,460.58</u>
II APPLICATION OF FUNDS:			
FIXED ASSETS			
Gross Block	5	1,17,635.28	1,01,036.60
Less: Depreciation		<u>36,199.45</u>	<u>24,136.49</u>
Net Block		<u>81,435.83</u>	<u>76,900.11</u>
Add: Capital Work-in-Progress		<u>17,745.21</u>	<u>2,549.84</u>
		<u>99,181.04</u>	<u>79,449.95</u>
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	29,439.72	13,604.70
Sundry Debtors	7	12,522.80	11,606.91
Cash and Bank Balances	8	3,970.78	5,220.25
Other Current Assets	9	695.05	1,491.92
Loans and Advances	10	5,635.75	6,677.43
		<u>52,264.10</u>	<u>38,601.21</u>
Less: CURRENT LIABILITIES & PROVISIONS	11		
Current Liabilities		<u>13,724.25</u>	<u>11,173.79</u>
Provisions		<u>1,385.66</u>	<u>2,416.79</u>
		<u>15,109.91</u>	<u>13,590.58</u>
NET CURRENT ASSETS		<u>37,154.19</u>	<u>25,010.63</u>
		<u>1,36,335.23</u>	<u>1,04,460.58</u>
Significant Accounting Policies and Notes to Accounts	21		

Schedules 1 to 11 and 21 form part of this Balance Sheet

For and on behalf of the Board

K.P.Ramasamy
Chairman

KPD Sigamani
Managing Director

P.Nataraj
Managing Director

J.S.Kumar
Vice President (Finance)

P.Kandaswamy
Company Secretary

Coimbatore
30.05.2011

"In terms of our report of even date"

For Deloitte Haskins & Sells
Chartered Accountants

Registration No.008072S

C.R. Rajagopal
Partner

Membership No. 23418

Consolidated profit and Loss Account

Consolidated Profit and Loss Account for the year ended 31.03.2011

INCOME :	Schedule No.	Year Ended 31.03.2011	Year Ended 31.03.2010
		(Rs. In Lakhs)	
Sales	12	1,04,936.88	80,320.91
Other Income	13	6,019.16	3,388.27
		1,10,956.04	83,709.18
EXPENDITURE :			
Decrease/(Increase) in Stock	14	(6,053.03)	(1,191.22)
Cost of Goods Consumed	15	72,427.15	51,705.07
Manufacturing and Direct Expenses	16	7,672.72	6,054.50
Salaries, Wages and Other Employee Benefits	17	8,214.28	6,086.88
Administrative and Other Expenditure	18	1,634.55	2,739.83
Selling and Distribution Expenses	19	1,915.03	1,596.71
		85,810.70	66,991.77
Profit Before Finance Charges, Depreciation and Tax		25,145.34	16,717.41
Less: Finance Charges	20	3,234.56	2,733.25
Depreciation		12,567.54	7,049.73
Profit Before Tax		9,343.24	6,934.43
Current Income Tax		2,214.16	1,185.05
Tax Relating to Earlier Years		1,060.89	-
		3,275.05	1,185.05
Less: MAT Credit Entitlement		-	676.85
		3,275.05	508.20
Deferred Tax Charge		(1,152.55)	1,382.72
		2,122.50	1,890.92
Profit After Tax		7,220.74	5,043.51
Profit brought forward		19,764.62	17,642.25
Profit available for appropriation		26,985.36	22,685.76
Less : Transfer to General Reserve		712.59	504.35
Preference Dividend		61.56	-
Tax on Preference Dividend		10.22	-
Interim Dividend		1130.49	1,507.32
Tax on Interim Dividend		187.76	250.35
Proposed Dividend		1130.50	565.24
Tax on Proposed Dividend		183.40	93.88
Surplus Transferred to Balance Sheet		23,568.84	19,764.62
		26,985.36	22,685.76
Earning per Share (Basic and Diluted) in Rs. (Face Value Rs 10 per Share)		18.97	13.38
Significant Accounting Policies & Notes to Accounts	21		

Schedules 12 to 20 and 21 form part of this Profit and Loss Account

For and on behalf of the Board

K.P. Ramasamy

Chairman

J.S. Kumar

Vice President (Finance)

Coimbatore

30.05.2011

KPD Sigamani

Managing Director

P. Kandaswamy

Company Secretary

P.Nataraj

Managing Director

"In terms of our report of even date"

For Deloitte Haskins & Sells

Chartered Accountants

Registration No.008072S

C.R. Rajagopal

Partner

Membership No. 23418

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement for the year ended 31.03.2011

PARTICULARS	Year Ended 31.03.2011	Year Ended 31.03.2010
CASH FLOW FROM OPERATING ACTIVITIES		
	(Rs. In Lakhs)	
Profit Before Tax	9,343.24	6,934.43
Depreciation	12,567.54	7,049.73
(Profit) / Loss on Sale of Assets	204.06	27.81
Interest Expenses	3,234.56	2,733.25
Interest Income	(148.54)	(197.70)
Interest & Dividend from Mutual Funds	(60.28)	(103.92)
Operating profit before Working Capital adjustments	25,140.58	16,443.60
(Increase) / Decrease in Sundry Debtors	(915.89)	37.85
(Increase) / Decrease in Loans and Advances	(378.14)	(968.02)
(Increase) / Decrease in Inventories	(15,835.02)	7,098.95
(Increase) / Decrease in Other Current Assets	773.66	793.48
Increase / (Decrease) in Current Liabilities	(554.21)	(6,772.20)
Cash Generated from Operations	8,230.97	16,633.66
Income Tax Paid	(1,855.22)	(937.01)
Cash Flow before extraordinary items	6,375.75	15,696.65
Net Cash from Operating Activities (A)	6,375.75	15,696.65
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(28,153.43)	(4,507.97)
Proceeds from Sale of Fixed Assets	255.40	99.12
Purchase of Investment	(36,250.00)	(27,450.00)
Proceeds from the sale of investment	36,250.00	27,450.00
Dividend income	60.28	103.92
Interest Receipts	171.75	206.73
Net Cash flow used in Investing Activities (B)	(27,666.00)	(4,098.20)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / Proceeds of Secured Loan	27,153.97	(7,069.13)
Proceeds / (Repayment) of Unsecured Loans	(367.29)	(317.32)
Interest Paid	(3,010.87)	(2,733.25)
Dividend Paid	(3,203.04)	(753.66)
Tax on Dividend	(531.99)	(128.08)
Net Cash used in Financing Activities (C)	20,040.78	(11,001.44)
Net Increase in Cash and Cash Equivalents (A+B+C)	(1,249.47)	597.01
Cash and cash equivalents as at beginning of the year	5,220.25	4,623.24
Cash and cash equivalents as at end of the year	3,970.78	5,220.25
Cash and cash equivalents is represented by		
Cash on hand	143.44	207.50
Balance with Bank *	3,827.34	5,012.75
	3,970.78	5,220.25

* Includes restricted cash of Rs.1,479.03 Lakhs (Pr.Yr Rs.1,082.39 Lakhs)

For and on behalf of the Board
K.P.Ramasamy KPD Sigamani P.Nataraj
Chairman Managing Director Managing Director
J.S.Kumar P.Kandaswamy
Vice President (Finance) Company Secretary
Coimbatore
30.05.2011

"In terms of our report of even date"
For Deloitte Haskins & Sells
Chartered Accountants
Registration No.008072S
C.R. Rajagopal
Partner
Membership No. 23418

Schedules

Schedules to Consolidated Balance Sheet

	As at 31.03.2011	As at 31.03.2010
	(Rs. In Lakhs)	
SCHEDULE : 1		
SHARE CAPITAL:		
Authorised Share Capital:		
4,00,00,000 (Pr.Yr. 4,00,00,000) Equity Shares of Rs.10 each	4,000.00	4,000.00
15,00,000 (Pr.Yr.Nil) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100 each	1,500.00	-
	5,500.00	4,000.00
Issued, Subscribed & Paid up Capital:		
3,76,82,892 (Pr.Yr. 3,76,82,892) Equity Shares of Rs.10 each fully paid-up	3,768.29	3,768.29
15,00,000 (Pr.Yr.Nil) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100 each	1,500.00	-
	5,268.29	3,768.29
SCHEDULE : 2		
RESERVES AND SURPLUS:		
Securities Premium Account:		
As per last Balance Sheet	15,232.77	15,232.77
	15,232.77	15,232.77
General Reserve:		
As per last Balance Sheet	14,852.80	14,348.45
Transfer from Profit and Loss Account	712.59	504.35
	15,565.39	14,852.80
Profit and Loss Account:		
Surplus in Profit and Loss Account:	23,568.85	19,764.62
	23,568.85	19,764.62
	54,367.01	49,850.19
SCHEDULE : 3		
SECURED LOANS *		
From Banks		
(a) Term Loans	45,740.43	35,045.79
(b) Hypothecation Loans for working capital	19,292.44	8,873.76
(c) Packing Credit from Banks	6,264.33	-
	71,297.20	43,919.55
* Refer Notes B(1) of Schedule 21		
SCHEDULE : 4		
UNSECURED LOANS:		
Interest Free Sales Tax Loan	1,215.20	1,582.48
	1,215.20	1,582.48

SCHEDULE : 5 FIXED ASSETS									
Particulars	Gross Block			Depreciation			Net Block		(Rs. in Lakhs)
	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the Year	Withdrawn on deletions	As at 31.03.2011	
Land	519.44 518.78	1,730.74 0.66	0.66	2,249.52 519.44				2,249.52 519.44	
Factory Building	14,067.80	36.12		14,103.92	1,500.89	470.29		1,971.18	12,132.74
Buildings	14,055.33	12.47		14,067.80	1,031.10	469.79		1,500.89	12,566.91
	5,965.12	23.02		5,988.14	231.48	97.26		328.74	5,659.40
	5,373.87	591.25		5,965.12	141.01	90.47		231.48	5,733.64
Plant & Machinery	51,441.85	2,682.89	912.51	53,212.23	15,924.13	5,135.21	482.29	20,577.05	32,635.18
	50,540.65	1,096.45	195.25	51,441.85	11,070.27	4,944.86	91.00	15,924.13	35,517.72
Wind Mill	22,202.64	12,752.31		34,954.95	4,812.02	6,347.63		11,159.65	23,795.30
	22,202.64			22,202.64	3,757.39	1,054.63		4,812.02	17,390.62
Electrical	3,821.95	86.95	5.14	3,903.76	978.80	275.07	2.03	1,251.84	2,651.92
	3,753.88	84.41	16.34	3,821.95	712.42	267.06	0.68	978.80	2,843.15
Furniture & Fixtures	2,354.38	152.28	15.58	2,491.08	437.49	154.54	3.95	588.08	1,903.00
	2,176.66	179.87	2.15	2,354.38	292.11	145.85	0.46	437.49	1,916.89
Computers & Accessories	267.22	50.07	8.03	309.26	117.85	47.21	5.10	159.96	149.30
	236.12	31.10		267.22	78.00	39.85		117.85	149.37
Vehicles	396.20	48.35	22.13	422.42	133.83	40.33	11.21	162.95	259.47
	386.47	27.56	17.83	396.20	104.03	37.23	7.43	133.83	262.37
TOTAL	1,01,036.60	17,562.73	964.05	1,17,635.28	24,136.49	12,567.54	504.58	36,199.45	81,435.83
	99,244.40	2,023.77	231.57	1,01,036.60	17,186.33	7,049.74	99.57	24,136.49	76,900.11

Note: Previous year figures are in italics

Schedules

Schedules to Consolidated Balance Sheet

	As at 31.03.2011	As at 31.03.2010
	(Rs. In Lakhs)	
SCHEDULE : 6		
INVENTORIES		
Stock-in-trade:		
a) Raw Materials:		
Cotton	18,570.31	9,189.02
Dyes & Chemicals	137.10	117.19
Yarn & Fabric	827.89	246.19
	19,535.30	9,552.40
b) Finished Goods:		
Yarn	5,669.45	539.32
Fabric	472.05	819.29
Garment	2,197.63	929.27
	8,339.13	2,287.88
c) Stock-in-process:	857.79	750.01
d) Trims, Packing and Others	707.50	1,014.41
	29,439.72	13,604.70
SCHEDULE : 7		
SUNDRY DEBTORS:		
Unsecured - considered good		
Debts Outstanding -exceeding six months	280.55	276.23
Other Debts	12,242.25	11,330.68
	12,522.80	11,606.91
SCHEDULE : 8		
CASH AND BANK BALANCES:		
(a) Cash on Hand	143.44	207.50
(b) Balance with Scheduled Banks:		
i) In Current Accounts *	1,447.54	1,683.47
ii) In Deposit Accounts **	2,379.80	3,329.28
	3,970.78	5,220.25

* includes Unclaimed Dividend of Rs 5.26 Lakhs (Pr.Yr.Rs 2.99 Lakhs)

** includes Margin Deposits of Rs 1,473.77 Lakhs (Pr.Yr.Rs 1,079.40 Lakhs)

Schedules

Schedules to Consolidated Balance Sheet

	As at 31.03.2011	As at 31.03.2010
	(Rs. In Lakhs)	
SCHEDULE : 9		
OTHER CURRENT ASSETS:		
Interest Receivable on Bank Deposits	49.11	66.87
Income Receivable	645.94	1,425.05
	695.05	1,491.92
SCHEDULE : 10		
LOANS AND ADVANCES:		
Unsecured - considered good		
Advance recoverable in Cash or in kind	3,422.01	3,119.55
Other Loans and Advances	1,269.11	1,110.84
Advance Tax *	0.39	12.28
MAT Credit Entitlement	102.08	1,510.01
Balance with Government Authorities etc.,	842.16	924.75
	5,635.75	6,677.43
* Net of Provision for Tax Rs 2,214.65 Lakhs (Pr.Yr. Rs.1,171.96 Lakhs)		
SCHEDULE : 11		
CURRENT LIABILITIES & PROVISIONS:		
Current Liabilities		
Sundry Creditors		
- Micro, Small and Medium Enterprises		
[Refer Note B(5) of Schedule 21]		
- Others	3,548.68	5,159.87
Creditors for Capital Expenditure	5,306.96	2,202.30
Liabilities for Expenses	4,075.13	3,417.57
Advance Received from Customers	66.19	129.73
Other Liabilities *	727.29	264.32
	13,724.25	11,173.79
Provisions		
Provision for Preference Dividend	61.56	-
Provision for Tax on Preference Dividend	10.22	-
Interim Dividend	-	1,507.32
Tax on Interim Dividend	-	250.35
Proposed Dividend	1,130.49	565.24
Tax on Proposed Dividend	183.39	93.88
	1,385.66	2,416.79

* Includes Unclaimed Dividend of Rs 5.26 Lakhs (Pr.Yr.Rs 2.99 Lakhs)

Note : There are no amount due to be credited to investor
education and protection fund

Schedules

Schedules to Consolidated Profit and Loss Account

	Year ended 31.03.2011	Year ended 31.03.2010
	(Rs. In Lakhs)	
SCHEDULE : 12		
SALES:		
Export	29,988.84	23,417.07
Domestic	74,948.04	56,903.84
	1,04,936.88	80,320.91
SCHEDULE : 13		
OTHER INCOME:		
Export Incentives	2,301.57	2,008.08
Jobwork Receipts	3,043.68	1,072.31
Interest on Bank Deposits & EB	148.54	197.70
Dividend from Mutual Funds	60.28	103.92
Other Receipts	465.10	6.26
	6,019.16	3,388.27
SCHEDULE : 14		
DECREASE/(INCREASE) IN STOCK		
A) OPENING STOCK:		
Yarn	539.32	395.53
Fabric	819.29	104.85
Waste	185.87	16.49
Garments	929.27	781.68
Stock-in-Process:		
Cotton	706.90	686.65
Fabric	43.11	47.34
	3,223.76	2,032.54
B) CLOSING STOCK:		
Yarn	5,669.45	539.32
Fabric	472.05	819.29
Garments	2,197.63	929.27
Waste	79.87	185.87
Stock-in-Process:		
Cotton	848.30	706.90
Fabric	9.49	43.11
	9,276.79	3,223.76
	(6,053.03)	(1,191.22)

	Year ended 31.03.2011	Year ended 31.03.2010
	(Rs. in Lakhs)	
SCHEDULE : 15		
COST OF GOODS CONSUMED:		
a) Opening Stock:		
Cotton	9,189.02	17,549.09
Dyes & Chemicals	117.19	109.80
Yarn & Fabric	246.19	364.71
	<u>9,552.40</u>	<u>18,023.60</u>
b) Add: Purchases:		
Cotton	64,887.11	28,677.58
Dyes & Chemicals	1,396.63	911.53
Yarn & Fabric	13,585.13	11,498.77
Trims, Packing & Others	2,541.18	2,145.99
	<u>82,410.05</u>	<u>43,233.87</u>
c) Less : Closing Stock:		
Cotton	18,570.31	9,189.02
Dyes & Chemicals	137.10	117.19
Yarn & Fabric	827.89	246.19
	<u>19,535.30</u>	<u>9,552.40</u>
	<u>72,427.15</u>	<u>51,705.07</u>
SCHEDULE : 16		
MANUFACTURING AND DIRECT EXPENSES:		
Power & Fuel	3,363.67	2,613.53
Consumption of Stores & Packing materials	1,014.41	797.37
Insurance Charges	183.28	209.31
Production Expenses	858.02	825.56
Repairs and Maintenance		
Building	194.33	164.33
Machinery	1,877.28	1,346.80
Others	181.73	97.60
	<u>7,672.72</u>	<u>6,054.50</u>
SCHEDULE : 17		
SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS:		
Salaries, Wages & Bonus	6,963.31	5,425.92
Contribution to Provident Fund, ESI & Other Funds	962.14	418.93
Welfare Expenses	288.83	242.03
	<u>8,214.28</u>	<u>6,086.88</u>

Schedules

Schedules to Consolidated Profit and Loss Account

	Year ended 31.03.2011	Year ended 31.03.2010
	(Rs. in Lakhs)	
SCHEDULE : 18		
ADMINISTRATIVE AND OTHER EXPENSES:		
Postage & Telephone Charges	82.06	75.07
Advertisement Expenses	15.31	9.27
Legal & Professional Charges	116.30	69.59
Rent	18.22	13.74
Rates & Taxes	46.41	30.18
Directors' Sitting Fees	5.30	5.00
Auditors' Remuneration (Refer Note B(4) to Schedule 21)	9.10	7.90
Loss on sale of Fixed assets (Net)	204.06	27.81
Travelling Expenses	201.93	149.82
Donations	213.28	104.05
Other Expenses	722.56	2,247.40
	1,634.55	2,739.83
SCHEDULE : 19		
SELLING AND DISTRIBUTION EXPENSES:		
Carriage Outwards	383.08	329.56
Commission & Brokerage	687.13	718.93
Clearing & Forwarding	696.28	496.04
Other Selling Expenses	148.54	52.18
	1,915.03	1,596.71
SCHEDULE : 20		
FINANCE CHARGES:		
on Term Loans	2,478.57	1,895.80
on Working Capital Loans	698.46	689.03
Bank Charges	57.53	148.42
	3,234.56	2,733.25

SCHEDULE : 21**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated financial Statements relate to K.P.R. Mill Limited ('the Company') and its wholly owned subsidiary Company Quantum Knits Pvt. Limited. The Company and its subsidiary constitute the Group.

a) BASIS OF ACCOUNTING

- i) The financial statements of the subsidiary Company used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended 31 March, 2011.
- ii) The financial statements of the Group have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, which are notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable.

b) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared on the following basis

- i) The financial statements of the Company and its subsidiary Company have been combined on a line-by-line basis in accordance with the principles laid down in Accounting Standard (AS)-21 on "Consolidated Financial Statements" by adding together the value of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or loss.
- ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances are presented to the extent possible, in the same manner as the company's separate financial statements.
- iii) The following subsidiary company which was incorporated on 03-06-2009, is considered in the consolidated financial statements

Sl. No.	Name of Subsidiary Company	Country of Incorporation	% of holding as at 31st March, 2011
1	QUANTUM KNITS PVT. LIMITED	INDIA	100%

c) USE OF ESTIMATES

The preparation of consolidated financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures

relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Actual results could differ from those estimates.

2. FIXED ASSETS AND DEPRECIATION

- i) Fixed assets and intangibles are stated at cost less accumulated depreciation. 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.
- ii) Borrowing costs directly attributable to acquisition or construction of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized
- iii) Expenditure during construction period in respect of new projects is included under capital work-in-progress and the same is allocated to the fixed assets on the commissioning of the respective projects
- iv) Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956, except in respect of windmill which is depreciated at 8.33% based on the management's estimate of useful life of such assets

3. CASH FLOW STATEMENT

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 – Cash Flow Statement.

4. INVENTORIES

Inventories are valued at lower of cost or net realizable value. Cost is ascertained on Specific identification method/FIFO method as appropriate. Cost includes all direct costs and applicable production overheads, to bring the goods to the present location and condition.

- i) Raw Materials, Stock-In-Process, Stores, Spares, Consumables, Packing and other Materials are valued at lower of Cost or net realizable value.
- ii) Finished goods are valued at lower of cost or net realizable value.
- iii) Waste and Scrap are valued at net realizable value.

5. EXCISE DUTY

The Company has opted to adopt for Exempted Route under Central Excise for local sales. Accordingly, CENVAT credit on inputs is not available to the Company.

6. RETIREMENT BENEFITS

(a) Short Term

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

(b) Long Term Post Retirement

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

i) Provident Fund (Government PF)

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.

ii) Gratuity -Fund

This is a defined benefit plan. The Company makes annual contribution to a Gratuity Fund administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. The Retirement Benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

(c) Leave encashment

There is no scheme for encashment of unavailed leave on retirement.

7. FOREIGN EXCHANGE TRANSACTIONS

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transactions. Foreign currency monetary items as at the Balance sheet date are restated at the closing exchange rates. Non-monetary foreign currency items are carried at cost. Exchange differences arising on actual payments/realizations and year end restatements are recognized in the profit and loss account.

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchanges contract or similar instrument is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognized as income or expense for the year.

8. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes on accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

9. TAXATION

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future. Deferred tax assets in case of unabsorbed losses are recognized only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

10. IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is recognised in the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

B. NOTES FORMING PART OF ACCOUNTS

1. Security provided to the Banks, Financial Institutions

For Working capital limits, the first charge has been given to the respective lenders by way of hypothecation of inventories and book debts. The second charge on current assets has been given on pari-passu basis to Banks for Term loan lent by them.

For Term Loans, the first charge on fixed assets is given to the respective Banks. The second charge on fixed assets has been given to working capital lending banks on pari-passu basis. Term Loan repayable within one year Rs. 7,544.52 Lakhs (P. Yr. Rs.7,351.36 Lakhs). The term loans guaranteed by the Chairman and Managing Directors aggregate to Rs.355.42 Lakhs (P.Yr. Rs.711.42 Lakhs).

2. Contingent Liabilities not provided for in the accounts

- a. The Company is in receipt of a demand of Rs.81.50 Lakhs. (P.Yr.Rs.81.50 lakhs) from the 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.
- b. The Company has issued Bank Guarantee amounting to Rs.79.59 Lakhs (P. Yr. Rs.145.59 Lakhs) in favour of EPCG, Bank Guarantee amounting to Rs.5 Lakhs (P. Yr. Rs.5 Lakhs) in favour of Tamilnadu Pollution Control Board, Bank Guarantee amount to Rs.148.50 Lakhs (P.Yr. NIL), in favour of Madras Aluminium Company Ltd. The Company issued Corporate Guarantee amounting to Rs.6,000.00 Lakhs (P.Yr.Rs.3,000.00 Lakhs) towards working capital facility of the wholly owned subsidiary.
- c. The Company has an Export obligation of Rs.76,672.42 Lakhs (P. Yr. Rs. 41,611.47 Lakhs) to be completed by 2017-18. The duty implication involved is Rs.9,584.05 Lakhs (P. Yr. Rs. 5,150.93 Lakhs).
- d. At the request of the Company the Bankers have established Letter of Credits in favour of the suppliers of the Company as under
Foreign Letter of Credits- Rs. 6,844.75 Lakhs (P. Yr. Rs.9.22 Lakhs)
- e. The Company has discounted sale bills amounting to Rs.922.51 Lakhs (P. Yr. Rs. 1,221.90 Lakhs) with banks.
- f. The Company has obtained a stay order at High Court of Madras restraining TNEB from Collection of tax under Tamilnadu Tax on Consumption and Sale of Electricity Act, in respect of maximum demand charges. The estimated Contingent liability will be Rs.74.09 Lakhs (P. Yr. Rs.47.88 Lakhs).
- g. Income Tax pending appeals, aggregate Tax Disputed Rs.88.69 Lakhs (P. Yr. Rs.146.40 Lakhs). Central Excise pending appeals, aggregate Duty Disputed Rs.5.97 Lakhs (P.Yr. Rs.5.97 Lakhs). Service tax pending appeals, Tax disputed Rs. 27.51 Lakhs (P.Yr. Rs. 28.01 Lakhs).
- h. Estimated Amount of contracts on capital account remaining to be executed (net of advances) aggregate to Rs.12,203.08 Lakhs (P.Yr. Rs.18,977.08 Lakhs).

3. Deferred Tax

In accordance with the Accounting Standard 22, "Accounting for Taxes on Income", the Company has credited during the current year a sum of Rs. 1,152.55 Lakhs (P.Yr. Debited Rs.1,382.72 Lakhs) as deferred tax charge. Details of deferred tax liability/(Asset) are:-

Particulars	(Rs. in Lakhs)		
	Deferred Tax Liability as at 01.04.2010	Current Year Charge/ (Credit)	Deferred Tax Asset/Liability as at 31.03.2011
Depreciation	6,263.43	(2,075.91)	4,187.52
Others	(923.36)	923.36	0.00
Net Deferred Tax Liability	5,340.07	(1,152.55)	4,187.52

4. Payment to Auditors

Particulars	(Rs. in Lakhs)	
	2010-11	2009-10
Audit fees	7.00	7.00
Tax Audit and Tax Matters	-	-
Other Services	0.99	-
Expenses (incl. Service Tax)	1.11	0.90
Total	9.10	7.90

5. Micro, Small and Medium Enterprises

In accordance with the Notification No: GSR 719 (E) dated 16.11.2007 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 from 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.

6. Provision for liabilities

In the view of the Management, the provisions created for the Liabilities are adequate.

7. Related Party disclosures

In accordance with Accounting Standard 18 – "Related Party Disclosure", the company has compiled the required information as detailed below, as identified and disclosed by the management and relied upon by the Auditors:

A. Name of related parties and nature of relationship where control exists are as under

Key Management Personnel	Sri K.P.Ramasamy Sri KPD. Sigamani Sri P.Nataraj Sri C.R.Ananda Krishnan
Relatives of Key Managerial Personnel	Sri E.K.Sakthivel (Daughter's Husband of Sri.KPD.Sigamani) Smt. D.Geetha (Daughter of Sri.KPD.Sigamani)
Enterprises owned or significantly influenced by key management personnel/Directors or their relatives	M/s K.P.R.Developers Limited

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

(Rs. in Lakhs)				
Nature of Transaction	Enterprises owned or significantly influenced by key management personnel/Directors or their relatives	Key Managerial Persons	Relatives to Key Managerial Persons	Total as on 31/03/11
Purchase of Asset	1,550	-	-	1,550
Issue of Preference Shares	1,500	-	-	1,500
Lease Rent	-	0.80	-	0.80
Remuneration / Salary	-	(0.80)	-	(0.80)
Land Advance*	-	831.49	19.81	851.30
Amount Payable	-	(300.00)	(21.89)	(321.89)
	-	600.00	-	600.00
	-	(600.00)	-	(600.00)
	-	413.44	-	413.44
	-	(86.49)	(0.21)	(86.70)

(Previous year figures are in Brackets)

* Refer note B(11) of Schedule 21

C. Details of major transactions with related parties

a) Lease Rent (Rs. in Lakhs)			c) Land Advance (Rs. in Lakhs)		
Name	2010-11	2009-10	Name	2010-11	2009-10
Sri K.P.Ramasamy	0.27	0.27	Sri K.P.Ramasamy	200.00	200.00
Sri KPD Sigamani	0.27	0.27	Sri KPD Sigamani	200.00	200.00
Sri P.Nataraj	0.26	0.26	Sri P.Nataraj	200.00	200.00
Total	0.80	0.80	Total	600.00	600.00

b) Remuneration/Salary (Rs. in Lakhs)			d) Amount Payable (Rs. in Lakhs)		
Name	2010-11	2009-10	Name	2010-11	2009-10
Sri K.P.Ramasamy	275.83	100.00	Sri K.P.Ramasamy	136.76	28.83
Sri KPD Sigamani	275.83	100.00	Sri KPD Sigamani	136.75	28.83
Sri P.Nataraj	275.83	100.00	Sri P.Nataraj	136.76	28.83
Sri C.R.Ananda Krishnan	4.00	-	Sri C.R.Ananda Krishnan	3.17	-
Total	831.49	300.00	Total	413.44	86.49

8. Managerial Remuneration

Name	Designation	Salary	Commission	(Rs. in Lakhs)	
				Total 2010-11	Total 2009-10
Sri K.P.Ramasamy	Chairman	72.00	203.83	275.83	100.00
Sri KPD Sigamani	Managing Director	72.00	203.83	275.83	100.00
Sri P.Nataraj	Managing Director	72.00	203.83	275.83	100.00
Sri C.R.Ananda Krishnan	Executive Director	4.00	-	4.00	-
Sri A.Sekar	Whole Time Director	7.90	-	7.90	6.70
Total		227.90	611.49	839.39	306.70

9. Earnings Per Share (EPS)

Particulars	31-03-2011	31-03-2010
Profit After Tax and Preference dividend & tax thereon (Rs. in Lakhs)	7,148.95	5,043.51
Weighted average no. of Shares	3,76,82,892	3,76,82,892
EPS (Rs.) Basic & Diluted	18.97	13.38
Face Value Per Share (Rs)	10.00	10.00

10. Segment Reporting

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

11. The Promoters had leased out the land to the Company. During March 2009 the Company has entered into an agreement with the Promoters, whereby the Company has an option to purchase those Lands as and when required, within the terms of lease agreement.

12. Details of Investments Purchased and Redeemed during the year

Particulars	2010-11	(Rs. in Lakhs) 2009-10
HDFC Mutual Fund	15,100.00	5,550.00
Reliance Mutual Fund	21,150.00	20,700.00
ICICI Mutual Fund	-	1,200.00
Total	36,250.00	27,450.00

13. Disclosures required under Accounting Standard 15 (Revised) are as follows**a) Defined Contribution plan**

Particulars	2010-11	2009-10
Provident fund	573.20	343.01

b) Defined Benefit Plan Gratuity

Particulars	(Rs. in Lakhs)	
	Funded Gratuity 2010-11	Funded Gratuity 2009-10
A. Changes in present value of obligation		
PV of obligation as at beginning of the year	57.87	60.21
Current service cost	19.33	10.40
Interest cost	4.63	3.29
Actuarial (gain) / loss on obligation	(5.31)	(16.03)
PV of obligation as at end of the year	76.52	57.87
B. Change in Assets during the year ended 31st March		
FV of Plan Asset as at beginning of the year	68.09	55.94
Expected return on Plan Assets	5.45	4.88
Actuarial gain / (loss)	0.06	(3.10)
Contributions by the employer	14.94	10.37
FV of Plan Assets as at end of the year	88.54	68.09
C. Net Asset/(Liability) recognized in the Balance Sheet		
PV of obligation as at end of the year	76.52	57.87
FV of Plan Assets as at end of the year	88.54	68.09
Funded Status [Surplus/(Deficit)]	12.02	10.22
D. Expenses recognized during period ended 31st March		
Current service cost	19.33	10.40
Interest cost	4.63	3.29
Expected return on Plan Assets	(5.45)	(4.88)
Actuarial (gains) / losses	(5.37)	(12.93)
Net amount recognized in Profit and Loss Account	13.14	(4.12)
E. Categories of plan assets as a percentage of Total plan assets		
Equity instruments	-	-
Debt instruments	-	-
Property	-	-
Insurer managed asset	100%	100%

Assumptions used in accounting for the gratuity plan

Particulars	Gratuity 2010-11	Gratuity 2009-10
Discount Rate (per annum)	8.00%	8.00%
Rate of increase in compensation levels (per annum)	7.00%	7.00%
Rate of return on plan assets (per annum)	8.00%	9.15%
Expected average remaining working lives of employees (years)	28.91	29.20

In the absence of detailed information regarding Plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed. The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation report and hence, are not furnished.

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. The above information is certified by actuary.

14. During the year, based on the reassessment of the useful lives of its windmill, the Company has determined the depreciation/amortisation rates of its fixed assets to be as under:

Asset Type	Depreciation / amortisation rate on straight line basis in earlier periods	Revised Depreciation / amortisation rate on straight line basis
Wind Mill	4.75%	8.33%

As a result of the change, the depreciation charge for the year ended March 31, 2011 is higher by Rs. 5,253.42 Lakhs

15. Previous Year's Figures

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Signatures to schedule 1 to 21

For and on behalf of the Board

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P Nataraj
Managing Director

JS Kumar
Vice President (Finance)

P Kandaswamy
Company Secretary

Coimbatore
30.05.2011

Statement

Statement Under Section 212 of the Companies Act, 1956

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary Company	Quantum Knits Pvt Limited
Financial year ending of the subsidiary	31ST MARCH 2011
Holding Companies interest in the Subsidiary (Number of shares held)	1,00,000 Equity Shares
Extent of holding / interest (%)	100%
Net aggregate amount of Profit / (Loss) of the Subsidiary not dealt with in the Accounts of Holding Company	Profit for the current financial year of the Subsidiary Rs. 94.81 Lakhs
Net aggregate amount of Subsidiary's Profit/ (Loss) dealt with in the Holding Company's accounts	For the current financial year of the subsidiary (Rs in Lakhs) Nil
Dividend declared for the year	Nil

1. Changes in the interest of the Holding Company between the end of the subsidiary's financial year and holding company's financial year – NIL
2. Material changes between the end of the subsidiary's financial year and holding Company's financial year - NA

Statement pursuant to exemption received under section 212(8) of the Companies Act, 1956 relating to Subsidiary Company

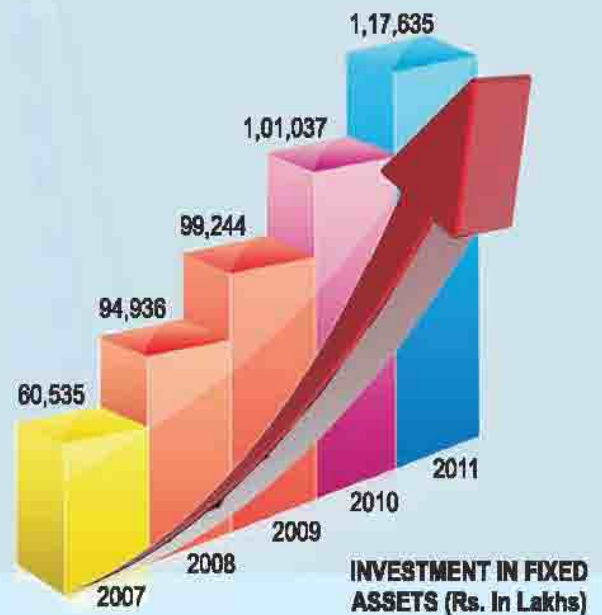
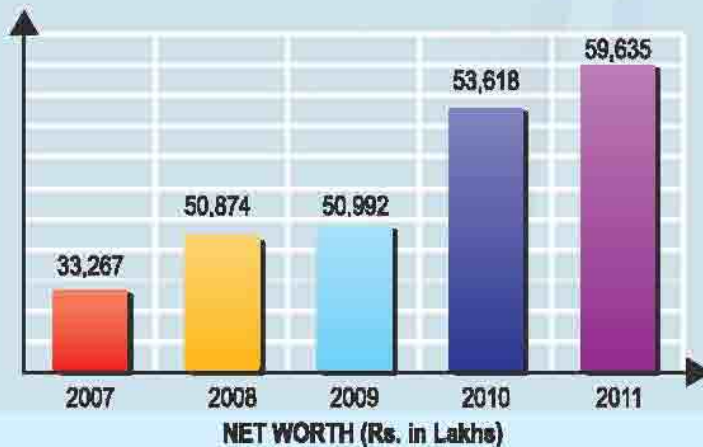
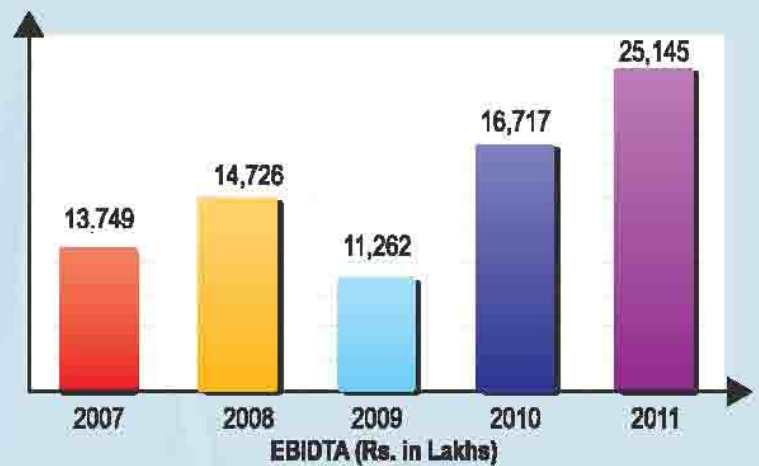
			(Rs. in Lakhs)
Capital	10.00	Turnover	17,878.59
Reserves	120.22	Profit before Taxation	140.30
Total Assets	6,702.44	Provision for Taxation	45.49
Total Liabilities	6,702.44	Profit after Taxation	94.81
Investment Other than Investment in Subsidiary	—	Proposed Dividend	—



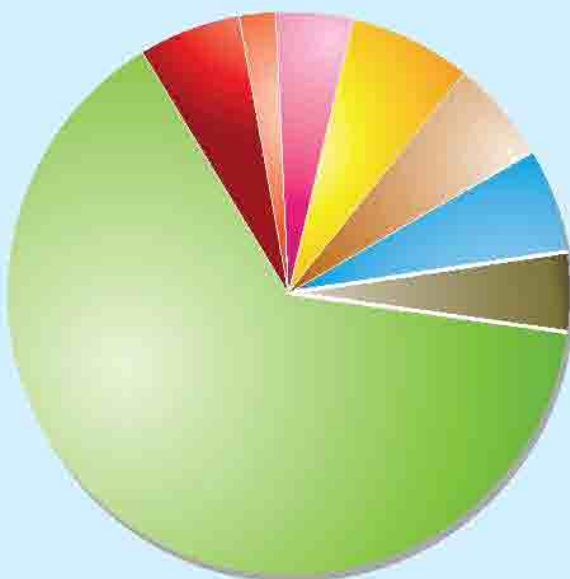
Eco-friendly & Economical!

To become most self - sufficient, support the expanding operations and reduce our reliance on the state electrical grid, Wind Mills of 61.07 MW have been installed for captive consumption at Tirunelveli, Tenkasi, Thiruvananthapuram and Coimbatore District.

Graphs @ Glance



Distribution Of Earnings



PAT 7%

Tax 2%

Finance Charges 3%

Depreciation 11%

Other Expenses 7%

Employee Cost 7%

Power 3%

Raw Material 60%

Distribution of Earnings



Corporate Office

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