



K.P.R. MILL LIMITED

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

NOTICE OF THE 9TH ANNUAL GENERAL MEETING

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 9th Annual General Meeting of the Members of the Company will be held on **Wednesday, the 29th August , 2012 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 2012 and the Statement of Profit and Loss 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 Dr.K.Sabapathy who retires by rotation and being eligible, offers himself for appointment.
4. To appoint a Director in the place of Sri.K.N.V.Ramani who retires by rotation and being eligible, offers himself for appointment.
5. To appoint a Director in the place of Sri.G.P.Muniappan who retires by rotation and being eligible, offers himself for appointment.
6. To appoint Auditors and fix their remuneration

SPECIAL BUSINESS:

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 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 consent of the Company be and is hereby accorded to the re-appointment of Sri.A.Sekar as 'Whole-Time Director' of the Company, designated as "Director (Commercial)" for a further period of Five years from 24.03.2013 to 23.03.2018 at a monthly remuneration of Rs.1,00,000/- (Rupees One Lakh only) in the pay scale of Rs.1,00,000-5,000-1,50,000 being the Remuneration approved by the Remuneration Committee.

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

Item No. 7

Sri.A.Sekar was appointed as a 'Whole-Time Director' of the Company in its 5th Annual General Meeting for a period of five years and the term of his appointment will expire on 24th March 2013. The Board in its Meeting held on 28th June 2012 has, subject to the approval of the Company in General Meeting, re-appointed him for a further term upon a remuneration as recommended by the Remuneration Committee of the Company and as detailed in the Resolution.

A Resume of the Appointee is annexed to this Notice. Your Directors commend the Resolution for the approval of the Members.

The present Resolution along with the above explanatory details may be treated as an abstract u/s 302 of the Companies Act relating to the terms of his re-appointment.

None of the Directors other than Sri.A.Sekar is concerned or interested in this Resolution.

Place: Coimbatore
Date: 28.06.2012

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 atleast 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 22.08.2012 to 29.08.2012 (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 11th September 2012 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 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 as well as register the same for the purpose of forwarding documents to the Shareholders by e-mail.

Place: Coimbatore
Date: 28.06.2012

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	Dr.K.Sabapathy	Sri. K.N.V.Ramani	Sri.G.P.Muniappan	Sri.A.Sekar
Date of Birth	04.06.1955	05.10.1931	29.05.1941	15.07.1957
Date of appointment	21.02.2007	27.6.2008	24.03.2008	24.03.2008
Expertise in specific functional area	Dr.K.Sabapathy was a faculty of Physics in PSG College of Arts and Science for 5 years from 1977 to 1982 and a faculty of Physics and Computer Science in CBM College from 1982 to 1992. A Member of the Coimbatore Stock Exchange for 20 years since 1992 and was also its Vice President during 2003 to 2005. He was also Director of Inter Connected Stock Exchange of India Limited, Mumbai during 2002 to 2005.	Sri.K.N.V.Ramani is a Corporate Lawyer with more than 48 years of active practice specializing in legislations like the Companies Act, Taxation and Labour Laws. He is the Legal Advisor for many Companies, PSUs, Banks and Financial Institutions etc. He is presently the senior partner of the law firm M/s. Ramani & Shankar, Advocates, Coimbatore.	Sri. G.P.Muniappan, joined R.B.I. during 1965 and became its 'Deputy Governor' in 2001. He also held high positions such as Chairman of Bank of Madurai, R.B.I.'s Nominee on the Boards of SEBI, Indian Overseas Bank, Indian Bank and as a Trustee of U.T.I. He has specialized in the areas of Forex Management, Banking operations, Banking Regulations.	Sri.A.Sekar is a Commerce Graduate and has over 25 years experience in the Apparel Industry. He joined KPR Group as an Employee during 1987 and has been assisting the Management in setting up of various Units and implementation of several projects including expansion programme, right from the inception of the Company. Presently he is looking after the commercial functions of the Company.
Qualification	M.Sc., M.Phil., PhD.	B.L.,M.A.	University Rank Holder in M.A. Economics. C.A.I.I.B., PG Diploma in Bank Management etc	B.Com
Directorship in other Indian Public Companies as on 31.03.2012	Coimbatore Capital Limited	1) Bannari Amman Spinning Mill Ltd 2) Sri Kannapiran Mills Ltd 3) Sri Chamundeswari Sugars Ltd 4) K.G. Denim Limited 5) L.G.B. Forge Limited 6) Shiva Texyarn Ltd	1) K.G. Denim Limited 2) Servalakshmi Paper Limited	K.P.R. Sugar Mill Limited
Chairmanship / Membership of Committees in other Indian Public Companies	Coimbatore Capital Limited	1) Bannari Amman Spinning Mill Ltd Audit Committee-Member Remuneration Committee-Member 2) Sri Kannapiran Mills Ltd Audit Committee-Chairman Remuneration Committee-Chairman 3) Sri Chamundeswari Sugars Ltd Remuneration Committee-Chairman 4) K.G. Denim Limited Audit Committee-Member Remuneration Committee-Chairman 5) L.G.B. Forge Limited Remuneration Committee-Chairman 6) Shiva Texyarn Ltd Audit Committee - Chairman	1)K.G. Denim Limited Shareholders Grievance Committee -Member 2) Servalakshmi Paper Limited Shareholders Relations Committee -Member	Nil
Shareholding in the Company—No. of shares	Nil	Nil	Nil	Nil

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*

*Applicable to investors
holding shares in electronic form

Please tick in the box

Member ☐ Proxy ☐

I hereby record my presence at the 9th Annual General Meeting at Ball Room, Hotel The Residency, Avinashi Road, Coimbatore - 641 018 on Wednesday the 29th August 2012 at 11.30 am

Signature of the Member or Proxy

Shares held

CUT HERE

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 of in the district of

being a member(s) of the above named Company hereby appoint Sri..... of

..... in the district of or failing him Sri..... of

..... in the district of as my/our proxy to vote for

me/us on my/our behalf at the 9th Annual General Meeting of the Company to be held on Wednesday the 29th August 2012 at 11.30 am and at any adjournment thereof.

Signed this day of 2012

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 am on 27th August 2012.

2. The Proxy should be executed on Re. 1 Revenue Stamp

KPR

MILL LIMITED



fashion to cogen
growing greener

9th annual report 2011 -12



HIGH LIGHTS 2011-12

(Rs. in Lakhs)

Total Revenue	1,27,551
PBDIT	18,676
PBT	3,497
PAT	3,279
Cash Profit	13,641
Assets	1,71,903
Net Worth	63,087
EPS	Rs. 8.38
Cash EPS	Rs. 36.20

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 3,36,960 spindles to produce 86,000 MT of yarn per annum; knitting facility to produce 21,000 MT of fabrics per annum; garmenting facility to produce 63 million pieces of ready-made knitted apparel per annum and 'State of the Art' processing facility to process 9,000 MT per annum; 66 Wind mills with total power generation capacity of 61.92 MW. Besides, participating in Cogen Cum Sugar Project with a capacity of 30 MW and 5,000 TCD established through Subsidiary Company





CONTENTS

Directors' Report	1
Corporate Governance	6
Auditors' Certificate on Corporate Governance	12
Management Discussion and Analysis	13
Auditors' Report	16
Balance Sheet	19
Statement of Profit & Loss	20
Cash Flow Statement	21
Notes forming part of the Financial Statement	22
Auditors' Report on Consolidated Financial Statement	37
Consolidated Balance Sheet	38
Consolidated Statement of Profit & Loss	39
Consolidated Cash Flow Statement	40
Notes forming part of the Consolidated Financial Statement	41
Statement U/S 212 of the Companies Act	55



CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to present the Ninth Annual Report of our Company K.P.R. Mill Limited for the Financial year 2011 – 12.

The initiatives taken by the Board and Management in improving operations and market presence with introduction of new value added products Compact Yarn, Melange Yarn was well accepted by the customers.

Despite a challenging year, our Company could achieve profits because of the strategy, to address the customer needs and improve competitiveness by increasing captive generation capacity by Windmills.

The Indian Economy in 2011 – 12, indicates a slowdown compared to the previous year. India's slowdown can be attributed to weakening industrial growth and agricultural production. Monetary policy was tightened by the Reserve Bank of India (RBI) during the year to control inflation and curb inflationary expectations. The global economic environment, which was volatile throughout the year, turned adverse from September 2011 owing to the turmoil in the eurozone, and concern on the outlook of Global economy and frequent changes in sovereign ratings. However Indian rural consumption remains intact and the demographics will help India to weather the storm and revive to growth path again.

As regards textiles, India is ranked as the third largest global Exporter of textiles, as per the World Trade Organization (WTO release), trailing EU-27 and China. To mitigate the recessionary trend in the textiles sector, the Government has been supporting it through various policy initiatives to enable the sector to increase market share in the global textiles markets. India is projected to be the second fastest growing major economy (7%) after China (8.2%) as per the IMF. In the medium term, challenges for the global economy continue to emanate from the way the eurozone crisis is addressed. Manufacturing competitiveness has been the key factor which caused countries like China, India and Bangladesh to rise as the global suppliers of textiles and clothing. India because of its strong raw material base and other factors is well positioned to compete globally. Today's competitive world demands trained and certified skilled manpower to address the challenges of growth and converting them into opportunities.

During the year, the exports of our Company increased by 32% to Rs. 395 Crores from Rs. 300 Crores of previous year. Yarn sales have gone up by 19% to Rs. 689 Crores from Rs. 579 Crores. However the deterrents such as severe power cut, increase in Cotton Price, steep decline in yarn prices, increased finance cost enabled an EBITDA of Rs. 187 Crores as against Rs. 251 Crores of previous year and the Net Profit of Rs. 33 Crores as against Rs. 72 Crores. Generated a Cash profit of Rs. 136 Crores with a Cash EPS Rs. 36.20. Exports contributed to 36% of net sales and Domestic sales 64%.

Though acute power cut persisted throughout the year, the capacity utilization could be maintained at 85% through open market power purchase, running Gensets besides energy saving measures. TamilNadu continues to pass through acute power crisis leading to severe power cuts with high and frequent tripping during day time. Many new power projects, including the Kudankulam Nuclear Power Project are expected to ease the situation. The 33% steep hike in power cost since April 2012 is a cause of concern for the Industry. However, while KPR meets 75% of its power requirements through Wind-Mills: the Co-gen cum Sugar Mill under implementation may entail its 100% power self-sufficiency in FY13 facilitating increased utilization levels and saving on power costs. The Unit is set up at one of the high sugar recovery area at Karnataka through its Subsidiary. The project supported by various key factors is expected to be commissioned by October 2012.

As per USDA Cotton outlook during 2011-12, the world's cotton production will rise from 115.3 mn bales to 127.5 mn bales increase of 11%. This will surpass its consumption of 120 mn bales. It has led the significant correction of cotton prices and the trend is expected to sustain subject to change in Government Policy. However the uncertainties of monsoon and price volatility continue to be a challenge.

The current uncertain conditions pose a strong and serious challenge for the Industry to sustain growth. But the Board and Management of our Company is confident of managing the uncertain and volatile times by continuous monitoring and quick change of strategies. This is possible because of the inherent strengths of customer base and the infrastructure, the Company has built over the years.

We thank our esteemed stakeholders for being a part of KPR's growth journey, including all shareholders and especially our employees for their commitment and contribution in making KPR a globally recognized integrated textile player.

With best wishes

K.P. Ramasamy
Chairman



Board of Directors



K.P. Ramasamy
Chairman



KPD Sigamani
Managing Director



P. Nataraj
Managing Director



C.R. Anandakrishnan
Executive Director



Shujaat Khan
Director



K.N.V. Ramani
Director



M.J. Vijayaraaghavan
Director



G.P. Muniappan
Director



Dr. K. Sabapathy
Director



A.M. Palanisamy
Director



A. Sekar
Whole Time Director



C. Thirumurthy
Director



REGISTERED OFFICE

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

CORPORATE OFFICE

270J, Periyar Colony
Anuppappalayam
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 Mysore
State Bank of Travancore
The Karnataka Bank Limited
United Bank of India
Allahabad Bank

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



DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Ninth Annual Report including the Audited Financial Statements of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS	(Rs. in Lakhs)			
	STANDALONE		CONSOLIDATED	
Particulars	2011-12	2010-11	2011-12	2010-11
Sales and Other Income				
Domestic Sales	90,265	86,107	82,148	77,980
Export Sales	20,728	15,958	39,454	29,989
Other Income	9,496	3,830	5,949	2,987
	1,20,489	1,05,895	1,27,551	1,10,956
Profit before Interest & Depreciation	18,376	24,887	18,676	25,146
Less : Interest	4,704	3,116	4,817	3,235
Depreciation	10,362	12,568	10,362	12,568
Profit Before Tax	3,310	9,203	3,497	9,343
Tax	187	2,077	218	2,122
Profit After Tax	3,123	7,126	3,279	7,221

REVIEW OF OPERATIONS

During the year, your Company has successfully installed value-added capacities of Compact Yarn. The Melange Yarn capacity addition and modernization of our Sathyamangalam plant is also nearing completion. Your Company's drive towards 100% self-sufficiency in power is also on-course through its Co-gen cum Sugar plant at Bijapur.

Your Company achieved a growth in exports of 32% resulting in overall turnover growth of 15% in a year that witnessed unprecedented volatility in raw material prices and acute power shortage. Your Company's efficient operations helped us to close another profitable year with a Profit after tax of Rs. 32.79 Crores, though at a lower margin of 2.6%. Your Company earned a Cash profit of Rs. 136 Crores and Cash EPS of Rs. 36.

DIVIDEND

The Board of Directors at their Meeting held on 14.05.2012 had paid an interim dividend of 30% on the Equity Shares of the Company. The Board has recommended a final dividend of 20% on Equity Shares of the Company, which is subject to the approval of the Members at the 9th Annual General Meeting.

EXPANSION AND MODERNIZATION

The expansion into higher value products initiated with Compact Spinning capacity addition has been completed and its commercial production commenced. Your Company's other value-add project, Melange Yarn, is expected to be completed by mid July 2012. The modernisation at Sathyamangalam consisting of replacement of ring frames is nearing completion.

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

Dr.K.Sabapathy, Sri.K.N.V.Ramani and Sri.G.P.Muniappan, Directors retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Resolutions seeking the approval of the Members for the aforesaid re-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 those Directors are also furnished in the said Notice.

SUBSIDIARY COMPANIES

The Company has two Subsidiary Companies and the Statements pursuant to Section 212 of the Companies Act, 1956 containing details of Subsidiaries forms part of this Annual Report.

DIRECTORS 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 Subsidiaries 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.

As regards the 'Cogen cum Sugar Project' implemented by the Subsidiary M/s.K.P.R. Sugar Mill Limited, its construction activities are in progress and is expected to be commissioned by October 2012.

CONSOLIDATED FINANCIAL STATEMENTS

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

PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) of the Companies Act 1956 and the Rules made there under, 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, 2012 on a going concern basis.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Corporate Governance Report and Management Discussion and Analysis Statement are attached to this Report.

DIRECTORS 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.

COST AUDITOR

In conformity with the General Circular issued by the Ministry of Corporate Affairs, the Company has appointed Sri.B.Venkateswar, B.Sc., ACMA, 31/3-E, Sri Ramakrishna Nagar, Kavundampalayam, Coimbatore – 641 030, as the Cost Auditor to audit cost accounts for the year ending on 31.03.2013.

AUDITORS REPORT

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

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 co-operation 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
28.06.2012

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

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
 - A) Inverters have been Installed in the Ring frame Humidification plant that enables a saving of 220 units per day.
 - B) At Preparatory dept, the water is removed through Humifog system which saves 230 units per day.
2. At Neelambur Unit, the piston type compressor has been replaced by new screw type compressor that saves 450 units per day.
3. At Compact Spinning Unit,
 - A) Replaced 16 nos of 9KW motor in Rieter G312 ring frame pneumafil by 4 KW Motor that saves 1400 units per day.
 - B) Replaced 18 nos Marzoli simplex pneumafil motor fans by power saving fans thereby saving 400 units per day.
 - C) Installed inverters in spinning humidification plant to vary the motor speed with respect to department RH thereby saving 1180 units per day.
 - D) Replaced 72 nos Sara Elgi OHTC fan by power saving fan that saves 790 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-a-vis reduction in the cost of production. Total energy consumption & consumption per unit of production are as per Form 'A' below:

Annexure to the Directors' Report

FORM A – PARTICULARS IN RESPECT OF ENERGY CONSERVATION

I. Power and Fuel Consumption

Particulars	Units	2011-12	2010-11
1. Power & Fuel Consumption			
A) Electricity			
i) Connected Load	KVA	27,475.00	22,175.00
ii) Purchase of Units	Lakh Units	206.06	200.34
iii) Total Amount	Rs. Lakhs	1,253.22	1,021.92
iv) Rate per unit (Average)	Rs.	6.08	5.10
B) Electricity from Third Party			
i) Purchase of Units	Lakh Units	142.85	80.77
ii) Total Amount	Rs. Lakhs	947.31	445.70
iii) Rate Per Unit (Average)	Rs.	6.63	5.52
2. Own Generation			
i) Through Diesel Generator			
Units generated	In Lakhs	62.72	51.96
Cost/Unit	Rs.	11.03	10.00
Units/Litre of Diesel	Units	3.43	3.45
ii) Through Wind Mill			
Units generated	Lakh Units	1,190.64	952.19
iii) Through Steam turbine Units			
Coal/Furnace Oil / Others	Units	Nil	Nil
II. Consumption per unit of Production			
a) Production of yarn	Kgs.	4,52,17,140	4,41,62,976
Electricity (units) per Kg of Yarn Production	Units	2.51	2.56
b) Processed Fabrics	Kgs.	67,23,687	63,22,683
Electricity (Units) / Kg of Fabric Processed	Units	1.12	1.12
c) Production of Garment	Pieces	1,57,80,049	2,51,31,215
Electricity (Units) / Piece of Garment	Units	0.27	0.23

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

- Specific areas in which R&D carried out by the Company:
Improvement of Quality of Products; Development of new Products and Designs; Cost control measures; Energy Conservation etc.
- Benefits derived as a result of above R&D:
Sustained quality of products at economized cost.
- Future Plan of Action:
Continuous focus on innovations in Textile development processes & products.
- 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 is 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:

	(Rs. in Lakhs)	
Particulars	2011-12	2010-11
i) Foreign Exchange earned through Exports amount to	20,715.80	15,958.00
ii) Foreign Exchange used	879.87	5,620.00

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	3	-	-
Sri. KPD Sigamani	Executive	3	-	-
Sri. P. Nataraj	Executive	3	-	-
Sri. Shujaat Khan	Non-Executive and Non-Independent	2	2	-
Sri. M. J. Vijayaraaghavan	Independent Director	2	2	1
Dr. K. Sabapathy	Independent Director	1	-	-
Sri. G. P. Muniappan	Independent Director	2	-	2
Sri. K. N. V. Ramani	Independent Director	6	6	3
Sri. A.M. Palanisamy	Independent Director	1	1	-
Sri. A. Sekar	Executive	2	-	-
Sri.C.R.Anandakrishnan	Executive	1	-	-
Sri. C. Thirumurthy	Independent Director	1	-	2

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

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, Four Board Meetings were held during the year under review. They were held on 30.05.2011, 09.08.2011, 10.11.2011 and 14.02.2012. 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	4	No
Sri. P. Nataraj	4	Yes
Sri. Shujaat Khan	3	No
Sri. M. J. Vijayaraaghavan	4	Yes
Dr. K. Sabapathy	4	Yes
Sri. G.P. Muniappan	4	Yes
Sri. K.N.V. Ramani	3	Yes
Sri. A.M. Palanisamy	4	Yes
Sri. A. Sekar	4	Yes
Sri. C.R. Anandakrishnan	4	No
Sri. C. Thirumurthy	4	Yes

Corporate Governance

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 Four times on 27.05.2011, 06.08.2011, 03.11.2011 and 09.02.2012 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)	4
2) Dr. K. Sabapathy - Independent and Non-Executive Director	4
3) Sri. G.P. Muniappan - Independent and Non-Executive Director	4
4) Sri. P. Nataraj - Non-Independent and Executive Director	4

Entire 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) Dr.K.Sabapathy	- Independent and Non-Executive Director

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.

Details of Remuneration and sitting fee paid to the Directors are given below:

Name of the Director	(Rs. in Lakhs)	
	Remuneration during the year 2011-12	Sitting fees for attending meetings of the Board and / or Committee thereof
Sri. K.P. Ramasamy	138.67	Nil
Sri. KPD Sigamani	138.67	Nil
Sri. P. Nataraj	138.67	Nil
Sri. Shujaat Khan	Nil	0.30
Sri. M.J. Vijayaraaghavan	Nil	1.20
Dr. K. Sabapathy	Nil	1.20
Sri. G.P. Muniappan	Nil	0.80
Sri. K.N.V. Ramani	Nil	0.30
Sri. A.M. Palanisamy	Nil	0.40
Sri. A. Sekar	9.15	Nil
Sri.C.R.Anandakrishnan	24.00	Nil
Sri. C. Thirumurthy	Nil	0.40

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:-

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 27.05.2011, 06.08.2011, 03.11.2011 and 09.02.2012 during the

year under review and the entire Members of the Committee have attended all Meetings.

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

During the financial year 2011 - 12 the Company has received 9 complaints (upto March 2012) from the Shareholders. All the complaints were redressed to the satisfaction of the Shareholders. No transfer was pending as on 31.03.2012.

Pursuant to SEBI's Directions, a centralized web based complaints redress system 'SCORES' was created and no complaint has been received therein during the year.

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.kprmilllimited.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
6th	27.08.2009	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore – 641 018	11.30 A.M.
7th	25.08.2010	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore – 641 018	11.30 A.M.
8th	28.07.2011	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 31, 2012 no Resolution was passed by our Shareholders through postal ballot.

DISCLOSURE:

- None of the transactions with related parties during the year 2011-12 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 fifth 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 Companies become Material Subsidiary Companies, Independent Director of the Company will be nominated on their Board. The salient features of the Minutes of Meeting of Board of Directors of the Wholly Owned Subsidiary Companies viz., M/s. Quantum Knits Pvt. Limited and M/s. K.P.R. Sugar Mill Limited, are placed before the Board of Directors and their attention are drawn to significant transaction and arrangement entered into by the Subsidiary Companies.
- Directors Responsibility Statement and Management Discussion and Analysis Report 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 as well as register the same for the purpose of sending all communications by e-mail with their respective Depository Participant.

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

SHAREHOLDERS INFORMATION

Annual General Meeting	
Day and Date	Wednesday, 29th August 2012
Time	11.30 AM.
Venue	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore – 641 018

DATE OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company will remain closed from 22.08.2012 to 29.08.2012 (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 2012-2013 have been paid in full.

DEMATERIALISATION OF SHARES:

Members have the option to hold their shares in demat form either through the National Securities Depository Limited or the Central Depository services Limited. The ISIN Number of the Company is INE930H01015.

The Annual Custodian Fee payable to the above Custodians for the Financial Year 2012-13 have been paid in full.

As on 31.03.2012, shares representing 97.06 percentage of the total paid up capital of the Company are held in dematerialized form with NSDL and CDSL.

REGISTRAR AND TRANSFER AGENTS:

Karvy Computershare Private Limited,

Unit: KPR MILL LIMITED,
17-24 Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081.

Tel: +91 40 23420181
Toll free No: 18003454001
Fax: +91 40 23420815 - 828
E-mail: einward.ris@karvy.com

SHARE TRANSFER SYSTEM

After confirmation of the sale transaction from the Broker, Share Holder 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 Agents.

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.

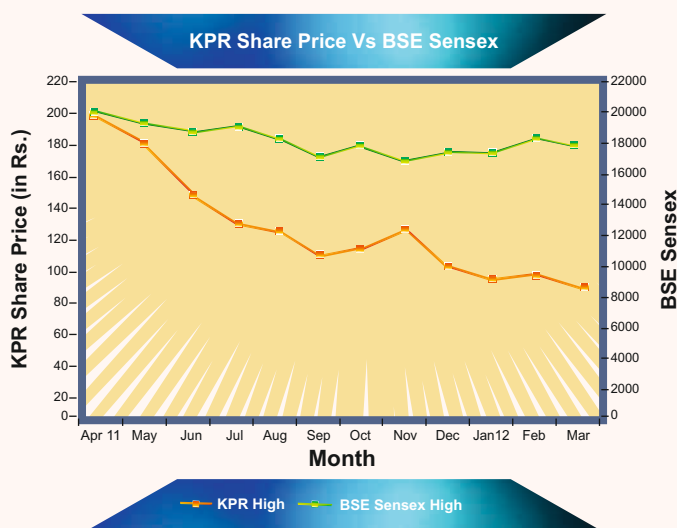
In respect of shares to be transferred in physical form, the investors need to attach a photocopy of the PAN card issued by the Income tax department along with the transfer deed. After the share transfer committee of the company approves the transfer, the shares will be transferred by the Share Transfer Agent. For matters regarding the physical shares, the investors may approach the Company's Share Transfer Agent.

Corporate Governance

MARKET PRICE DATA

The details of the monthly highest and lowest closing quotations of the Equity Shares of the Company at the Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd during the financial year 2011-2012:

Month	BSE		NSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
April 2011	194.70	177.00	195.00	177.00
May 2011	180.70	140.10	182.50	139.95
June 2011	149.05	111.20	148.85	111.60
July 2011	130.00	110.55	129.50	108.60
August 2011	124.80	95.55	124.50	93.50
September 2011	108.85	93.50	110.00	94.25
October 2011	112.40	89.00	113.80	89.00
November 2011	124.70	80.00	128.90	88.50
December 2011	105.00	79.00	107.00	79.05
January 2012	94.80	78.55	99.00	77.10
February 2012	97.80	83.00	99.95	81.45
March 2012	89.75	78.50	89.50	79.00



DISTRIBUTION OF SHAREHOLDINGS AS ON 31st MARCH 2012:

Shareholdings		No. of Share holders	% of Share holders	No. of Shares	% to Equity
1	500	5098	89.96	5,17,111	1.37
501	1000	253	4.47	2,06,721	0.55
1001	2000	128	2.26	1,94,086	0.52
2001	3000	59	1.04	1,49,629	0.40
3001	4000	21	0.37	75,308	0.20
4001	5000	15	0.26	70,016	0.19
5001	10000	35	0.62	2,47,760	0.65
10001	& above	58	1.02	3,62,22,261	96.12
Total		5667	100.00	3,76,82,892	100.00

SHARE HOLDING PATTERN AS ON 31st MARCH 2012:

Category	Number of Shares Held	% of Holding
Promoters & Promoter Group	2,80,68,000	74.48
Overseas Corporate Bodies	16,11,949	4.28
Mutual Funds	3,78,537	1.01
Banks	30,390	0.08
Foreign Institutional Investors	953	0.00
Foreign Venture Capital Investors	33,47,185	8.88
NRIs	64,685	0.17
Bodies Corporate	12,65,715	3.36
Public	29,15,478	7.74
Total	3,76,82,892	100.00

Corporate Governance

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 2336111	Spinning, Compact Spinning, & Melange
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 2487081	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,
Anupparpalayam, Tirupur - 641 652.
Ph: +91 421 2487051
email: investors@kprmill.com

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, 2011	9	1,175
Number of shareholders who approached for Issuer / Registrar for transfer of shares from suspense account during the year 2011 - 12	0	0
Number of shareholders to whom shares were transferred from suspense account during the year 2011 - 12	0	0
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, 2012	9	1,175

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 28.06.2012 and 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 2011 - 12".

Coimbatore
28.06.2012

P. Nataraj
Managing Director

Certificate

CERTIFICATE ON CORPORATE GOVERNANCE

The Members of K.P.R. Mill Limited

We have examined the compliance of conditions of Corporate Governance by K.P.R. Mill Limited for the year ended 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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.

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.

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
28.06.2012

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, 2012, 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 of the management or an employee who have a significant role in the Company's internal control system.

Coimbatore J.S. Kumar

16.06.2012 Vice President (Finance)

P. Nataraj

Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

The business environment is in volatile times with uncertainties due to Euro Zone Debt Crisis, high inflation in emerging economies, unremunerative commodity prices, etc. affecting most of the industries having domestic as well as international presence. In such an environment your company showed remarkable resilience and could achieve a growth of 14.5% for FY 2012 on a consolidated basis.

In comparison to the previous year, the operations of the Company were impacted due to the drop in realisation caused by volatility in cotton prices. Consequent to sudden drop in cotton prices in the year's beginning, the Company's EBITDA came down to 14.20% and net profit margin to 2.58% during the FY 2012. The drop in profitability is mainly because of high cost inventory, continuous power shortage as well as finance cost. During the year, your Company's contribution from sales of yarn has increased from 54% to 57% on account of additional capacity which got operational in the later part of the year. FY 2012, export market contributed 36% of the net sales as against 30% during FY 2011.

INDUSTRY OVERVIEW & DEVELOPMENTS

Global Textile Industry

Global Textile and Apparel Industry has grown by around 5.5% CAGR post quota (Post FY 2000) and expected to grow at around 5% till 2020 based on estimations by WTO. It is observed that post quota textile production has gradually shifted from developed countries to developing countries especially in Asia. China and India had experienced a higher consumption growth compared to rest of the world over the last decade. India ranked 3rd with 4% share in world export market whereas China stands 1st with 35.9% share in the world export market during calendar year 2010. Reduced focus on textile sector, concerns regarding environmental issues, rising labor cost, higher ageing population, appreciating Yuan and rising domestic consumption in China may result in increased share for India in world export trade.

Indian Textile Industry

For Indian economy, Textile Industry is an important sector from the perspective of generating employment, contribution to exports, industrial production and GDP. India have some unique strength like easy availability of raw-material, efficient work force, flexible manufacturing system, entrepreneurial skill, etc for future potential. Textile sector in India is expected to touch \$100 billion by 2015 as per the statement made by Confederation of Indian Textile Industry (CITI). It is expected that the export market will be worth \$43 billion, while the local market will reach \$57 billion. In 2009, the textiles and clothing industry was worth \$55 billion, consisting of exports market (\$22.4 billion) and domestic market (\$32.6 billion). To push the Indian Textile sector, Government adopted several initiatives like Technology Upgradation Fund Scheme (TUFs) to develop industry infrastructure, scheme for integrated textile parks, fiscal

incentives related to taxes and duties. But on the other side, frequent change in Government policies, outdated technology, unorganized and decentralized sector, poor supply chain management, power shortages, lack of related infrastructure and lack of labor policies can become big hurdles for the growth of Indian Textile Sector.

Textile Sector in Year 2011-12

FY 2012 proved to be a bumpy year for textile and clothing industry. Most of the textile and clothing companies during the year were hit by severe volatility in cotton and yarn prices and booked inventory write-offs which created margin pressures. Sudden depreciation of rupee slowed the growth of Indian Textile Industry because of higher import cost of machineries. Slowdown in USA & European market affected demand as well as margin during the year. Erratic power supply from the grid in the southern India had affected many companies, as most of them run their mills on diesel generator leading to high power cost making them uncompetitive or simply because of underutilization of plant. Rising interest cost during the year had affected profitability of the sector, as most of the textile companies in India are highly leveraged. The liberal trading arrangements with neighboring textile producing country have started to hurt the textile industry in view of zero duty access. This indirectly helped the other competing countries that convert their fabrics into garments in that country.

Cotton Scenario

Global Scenario

As per ICAC release dated 1st May 2012, world cotton acreage during 2011- 12 is estimated to increase by around 8% to 36.03 million hectares as against 33.35 million hectares during 2010- 11. The world average yield is projected to at par with last year yield at 752 kgs/hectare. The projected slowdown in global economic growth in 2011 and 2012 is expected to affect the cotton consumption of textile products and therefore demand for cotton fibre. As a result, the global cotton use in 2011- 12 is expected to remain stable at 23.22 million tons as against 24.57 million tons in 2010- 11.

However, the world cotton production in 2011- 12 is expected to increase in reaction to the high cotton prices received by the farmers last season. The global cotton production is expected to rise by around 8% to 27.09 million tons in 2011- 12 as against 25.10 million tons in previous year. The global production increase in 2011- 12 will be driven primarily by China, India, Pakistan, Australia and Turkey. Global cotton trade is expected to increase by 13% to 8.64 million tons last season, supported by significant increase imports from China (4.47 million metric tons) in 2011- 12 as against 7.66 million tons in 2010- 11. US exports are projected to drop by 21% at 2.48 million metric tons in 2011- 12 due to reduced supplies. The global cotton stocks are expected to rebound to 13.09 million tons by the end of 2011- 12 as against 9.21 million tons in 2010- 11.

Management Discussion & Analysis

Indian Scenario

The Cotton Advisory Board in its meeting held on 18th April 2012 has revised upward the cotton crop for cotton season 2011-12 to 347 lakh bales as against earlier estimate of 345 lakh bales. The CAB has placed cotton exports from the country in the current cotton season 2011-12 at 115 lakh bales as against earlier projection of 84 lakh bales.

The acreage of cotton is expected to decline. In FY 2012, a sharp increase in cotton acreage had resulted in record production of 347 lakh bales. However, this excess production was not matched with similar demand during the corresponding marketing season. As a result, cotton prices plunged, causing losses. CMIE expects these losses to motivate cotton growers to turn to alternative crops in the current season. Cotton production is projected to decline by 7.8% to 322 lakh bales in FY 2013.

Movement of Cotton Prices in FY 2011-12



Source: news.indiamart.com

OPPORTUNITIES AND THREATS

Opportunities

The recovery in US markets, entering new destination, Governments supporting initiatives are showing some signs of prospects.

The State Government's long term policy document concentrating on industrial development as well as power front may be supportive. Gradual re-functioning of closed processing units at Tirupur may revive the subdued domestic market.

The continuances of interest subvention and TUF besides other export incentives envisaged by the Government are also the positive factors.

Growth Drivers for Indian Textile Industry

Domestic Factors	Global Factors
Population Higher working population	Global Demand Recovery Following reduced inventory and improved sales
Rising Disposable Income Disposable income increasing at a CAGR of 14.7% from 2005-10	China Advantage Higher labor cost, reducing cotton acreage, increasing cotton imports, Yuan appreciation, increased domestic consumption and increasing ageing population
Higher Consumption Levels Increasing willingness to spend in younger population	
Changing Consumption Patterns Share of comfort and luxury products and services are increasing	

Threats

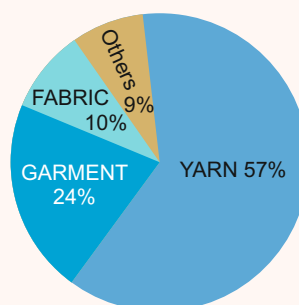
The Euro debt crisis has an adverse impact on India's export. Lethargic demand in domestic market is also a cause of concern. Shortage of adequate labour, added cost in labour, power, inputs etc., are some of the factors to be watched.

BUSINESS OVERVIEW

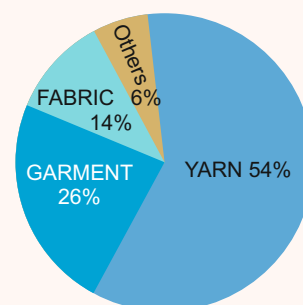
The contribution from yarn segment registered a growth compared to last year from 54% to 57%. The encouraged overseas market demand and capacity addition in new segment facilitated this. However the critical power situation in the State enabled a capacity utilization of 85% only as against 90% last year. Our other business segments contributed as follows:

Yarn – 57%, Garment Export – 24%, Fabrics – 10% and Others – 9%

FY'12 PRODUCT MIX(%)



FY'11 PRODUCT MIX(%)



Management Discussion & Analysis

Value Added Compact Yarn and Melange Yarn:

With the setting up of 100% Compact Yarn Unit which has started its production by July 2011 and the Melange Yarn whose production is expected during July 2012, supported by the modernisation at Sathyamangalam nearing completion would enhance our revenue growth in future.

Cogen power:

The objective of 100% power self sufficiency from green power through Subsidiary Company's Co-gen cum Sugar Plant is expected to be fulfilled by October 2012.

Power:

The State has faced one of the worst power scenario thereby affecting the major industries' competitive edge. The industry has witnessed increased cost due to the power situation. Imposition of power holiday and load-shedding has added industry's woes. However some respite seems to be emerging with the Government initiative to expedite new power projects and minimize power shortage in the State.

Conclusion:

Increasing focus on fabric and garment would continue to help our export growth prospects. However finding suitable workers is a challenge that the textile sector is facing. Pro-active measures for recruiting and training workers for the industry have become the need of the hour.

Coimbatore
28.06.2012

BY ORDER OF THE BOARD
K.P. Ramasamy
Chairman

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, 2012, the Statement of Profit and Loss 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 4 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012;
 - b) in the case of the Statement of Profit and Loss, 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, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

Coimbatore
28.06.2012

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 0080725
C R Rajagopal
Partner
Membership No.23418

Annexure to the **Auditors' Report**

(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), vi, 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.
- vii) In our opinion, the internal audit functions carried out by an Independent Chartered Accountant appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) 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, 2012 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, 2012 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	0.18
	Classification of expenditure	CIT(A)	2005-2006	65.94
Total				81.73
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 & Commissioner Salem	2004-2007	27.51

- x) 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.
- xi) 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.
- xii) 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.
- xiii) 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.
- xiv) 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.
- xv) According to the information and explanations given to us, the Company has not made preferential allotment of shares, during the year, 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.
- xvi) The Management has disclosed the end use of money raised by public issues and we have verified the same.
- xvii) 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
28.06.2012

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 0080725
C R Rajagopal
Partner
Membership No.23418

Balance Sheet

Balance Sheet As At 31.03.2012

	Note	As at 31.03.2012	As at 31.03.2011
(Rs. in Lakhs)			
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	5,268	5,268
(b) Reserves and Surplus	4	55,059	54,247
		60,327	59,515
2 Non-Current Liabilities			
(a) Long-Term Borrowings	5	35,592	38,038
(b) Deferred Tax Liabilities (Net)	6	4,734	4,188
(c) Other Long - Term Liabilities	7	16,999	8,338
		57,325	50,564
3 Current Liabilities			
(a) Short-Term Borrowings	8	23,901	20,407
(b) Trade Payables	9	3,054	4,745
(c) Other Current Liabilities	10	9,562	8,687
(d) Short-Term Provisions	11	2,384	1,386
		38,901	35,225
		1,56,553	1,45,304
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	1,08,955	81,436
(ii) Capital Work-in-Progress		1,781	11,072
		1,10,736	92,508
(b) Non-Current Investments	13	2,689	10
(c) Long-Term Loans and Advances	14	3,375	7,634
(d) Other Non-Current Assets	15	174	150
		1,16,974	1,00,302
2 Current Assets			
(a) Inventories	16	16,826	26,684
(b) Trade Receivables	17	11,050	10,072
(c) Cash and Cash Equivalents	18	5,441	3,574
(d) Short-Term Loans and Advances	19	1,611	4,204
(e) Other Current Assets	20	4,651	468
		39,579	45,002
		1,56,553	1,45,304

Accompanying notes form part of the financial statements

For and on behalf of the Board

K.P. Ramasamy
Chairman

J.S. Kumar
Vice President (Finance)

Coimbatore
28.06.2012

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

Statement of Profit and Loss

Statement of Profit and Loss for the year ended 31.03.2012

	Note	Year ended 31.03.2012	Year ended 31.03.2011
(Rs. in Lakhs)			
I. Revenue from Operations	21	1,19,815	1,05,681
II. Other Income	22	674	214
III. Total Revenue		1,20,489	1,05,895
IV. Expenses			
Cost of Materials Consumed	23	81,000	70,524
Purchase of Stock-in-Trade		-	-
Changes in Inventories of Finished Goods, Work- in-Progress and Stock in Trade	24	4,102	(5,152)
Employee Benefits Expenses	25	6,227	5,643
Finance Costs	26	4,704	3,116
Depreciation and Amortization Expenses	12	10,362	12,568
Other Expenses	27	10,784	9,993
Total Expenses		1,17,179	96,692
V. Profit Before Tax		3,310	9,203
Tax Expense			
1. Current Tax Expense for Current Year		591	2,169
2. Less: MAT Credit Entitlement		590	-
3. Current Tax Expense relating to Prior Years		(360)	1,061
4. Deferred Tax	6	546	(1,153)
		187	2,077
VI. Profit / (Loss) for the year		3,123	7,126
VII. Earnings per equity share of Rs 10 each	36		
1. Basic & Diluted (in Rs.)		796	18.72

Accompanying notes form part of the financial statements

For and on behalf of the Board

K.P. Ramasamy
Chairman

J.S. Kumar
Vice President (Finance)

Coimbatore
28.06.2012

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 31.03.2012

PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
CASH FLOW FROM OPERATING ACTIVITIES	(Rs. in Lakhs)	
Profit Before Tax	3,310	9,203
Depreciation	10,362	12,568
(Profit) / Loss on Sale of Assets	(58)	204
Interest Expenses	4,704	3,116
Interest Income	(205)	(149)
Dividend from Mutual Funds	(360)	(60)
Operating profit before Working Capital adjustments	17,753	24,882
(Increase) / Decrease in Sundry Debtors	(1,003)	(2,882)
(Increase) / Decrease in Loans and Advances	2,676	1,303
(Increase) / Decrease in Inventories	9,858	(14,420)
(Increase) / Decrease in Other Current Assets	(3,337)	888
Increase / (Decrease) in Current Liabilities	(1,890)	3,097
Cash Generated from Operations	24,057	12,868
Income Tax Paid	(2,285)	(1,827)
Cash Flow before extraordinary items	21,772	11,041
Net Cash from Operating Activities (A)	21,772	11,041
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(13,852)	(28,153)
Proceeds from Sale of Fixed Assets	439	255
Purchase of Investment	(78,789)	(36,250)
Proceeds from the sale of investment	76,110	36,250
Dividend income	360	60
Interest Receipts	195	172
Net Cash flow used in Investing Activities (B)	(15,537)	(27,666)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / Proceeds of Secured Loan	2,020	22,005
Proceeds / (Repayment) of Unsecured Loans	(347)	(368)
Interest Paid	(4,655)	(2,892)
Dividend Paid	(1,192)	(3,203)
Tax on Dividend	(194)	(532)
Net Cash used in Financing Activities (C)	(4,368)	15,010
Net Increase in Cash and Cash Equivalents (A+B+C)	1,867	(1,615)
Cash and cash equivalents as at beginning of the year	3,574	5,189
Cash and cash equivalents as at end of the year	5,441	3,574
Cash and cash equivalents is represented by		
Cash on hand	74	121
Balance with Bank *	5,367	3,453
	5,441	3,574

* Includes restricted cash of Rs. 1,361 Lakhs (Pr.Yr. Rs. 1,481 Lakhs)

For and on behalf of the Board

K.P. Ramasamy
Chairman

J.S. Kumar
Vice President (Finance)

Coimbatore
28.06.2012

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. 0080725

C R Rajagopal

Partner

Membership No.23418

1. COMPANY OVERVIEW

K.P.R. Mill Limited along with its wholly-owned subsidiary Quantum Knits Pvt. Limited is one of the largest vertically integrated apparel manufacturing Companies in India. The Company produces Yarn, Knitted Fabric, Readymade Garments and Windpower. It has state-of-the-art production facilities in the State of Tamil Nadu, India.

The Company's shares are listed in Bombay Stock Exchange (BSE) and in National Stock Exchange (NSE).

2. SIGNIFICANT ACCOUNTING POLICIES**A) 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.

B) 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.

C) 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.

D) Cash Flow Statement

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

E) Inventories

Items of 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.

F) Revenue Recognition

Revenue from sale of products are recognized when the property in goods are transferred to buyer. Job work income and Revenue from sale of windmill power is recognized when invoiced. Dividend Income is recognised when right to receive is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. Export incentives are accounted for in the year of exports based on eligibility and expected amount on realisation.

G) Excise Duty

The Company has opted to adopt for 'Exempted Route' under Central Excise Rules for local sales. Accordingly, CENVAT credit on inputs is not available to the Company and no excise duty is payable on sale of manufactured goods.

H) 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:

1. 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.

2. Gratuity

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 Statement of Profit and Loss 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.

3. Leave encashment

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

I) Investments

Long term investments are carried at cost less provision for diminution other than temporary in the value of such investments. Current investments are stated at lower of cost or market value.

J) 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 Statement of Profit and Loss.

Exchange differences on translation or settlement of long term foreign currency monetary items (i.e. whose term of settlement is twelve months or above from date of its origination) at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, these are accumulated in "Foreign currency monetary item translation difference account" and amortised by recognition as income or expense in each period over the balance term of such items till settlement occurs but not beyond March 31, 2020.

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.

K) 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.

L) 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.

M) 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 Statement of Profit and Loss 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.

N) 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 number 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.

3 SHARE CAPITAL**Authorised Share Capital**

4,00,00,000 (Pr.Yr. 4,00,00,000) Equity Shares of Rs. 10 each
 15,00,000 (Pr.Yr.15,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each

Issued, Subscribed & Paid up Capital

3,76,82,892 (Pr.Yr 3,76,82,892) Equity Shares of Rs. 10 each fully paid-up
 15,00,000 (Pr.Yr.15,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each

As at
31.03.2012 **As at**
31.03.2011

(Rs. in Lakhs)

	As at 31.03.2012	As at 31.03.2011
	(Rs. in Lakhs)	
4,00,00,000 (Pr.Yr. 4,00,00,000) Equity Shares of Rs. 10 each	4,000	4,000
15,00,000 (Pr.Yr.15,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each	1,500	1,500
	5,500	5,500
3,76,82,892 (Pr.Yr 3,76,82,892) Equity Shares of Rs. 10 each fully paid-up	3,768	3,768
15,00,000 (Pr.Yr.15,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each	1,500	1,500
	5,268	5,268

- 3.1) 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 Lakhs. Consequent to above, the paid up equity share capital has increased by Rs 591 Lakhs.
- 3.2) Pursuant to the approval of share holders at the Annual General Meeting held on 25.08.2010, the Company allotted 7% redeemable cumulative preference shares to K.P.R Developers Ltd as a consideration other than cash.
- 3.3) Term / Rights to Shares

Equity Shares: As per the provisions of the Companies Act,1956 and Articles of Association of the Company.

Preference Shares: 7% Redeemable Cumulative Non-Convertible Preference Shares are redeemable at par within a period of 10 years from the date of issue as may be decided by the Board.

3.4) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Equity Shares Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of Shares	(Rs. in Lakhs)	Number of Shares	(Rs. in Lakhs)
At the beginning of the period	3,76,82,892	3,768	3,76,82,892	3,768
Changes during the year	-	-	-	-
Outstanding at the end of the period	3,76,82,892	3,768	3,76,82,892	3,768

3.5) 7% Redeemable Cumulative Non-Convertible Preference Shares

Particulars	Number of Shares	(Rs. in Lakhs)	Number of Shares	(Rs. in Lakhs)
At the beginning of the period	15,00,000	1,500	-	-
Issued during the period	-	-	15,00,000	1,500
Outstanding at the end of the period	15,00,000	1,500	15,00,000	1,500

3.6) Details of Shareholders holding more than 5% of Shares in the Company

Particulars	Number of Shares	%	Number of Shares	%
Shri K.P.Ramasamy	80,68,109	21.41	80,68,109	21.41
Shri KPD Sigamani	80,69,059	21.41	80,69,059	21.41
Shri P.Nataraj	80,68,158	21.41	80,68,158	21.41
M/s Ares Investments	25,54,994	6.78	25,54,994	6.78

7% Redeemable Cumulative Non-Convertible Preference Shares

Particulars	Number of Shares	%	Number of Shares	%
M/s K.P.R Developers Limited	15,00,000	100	15,00,000	100

4 RESERVES AND SURPLUS

Securities Premium Account

Opening Balance

Changes during the year

Closing Balance

General Reserve

Opening Balance

Transfer from Surplus in the Statement of Profit and Loss

Closing Balance

Surplus in Statement of Profit and Loss

Opening Balance

Profit for the year

Less:

Transfer to General Reserve

Preference Dividend

Tax on Preference Dividend

Interim Dividend

Tax on Interim Dividend

Proposed Dividend

Tax on Proposed Dividend

Closing Balance

5 LONG TERM BORROWINGS

From Banks Secured

Term Loans

- 5.1) For Term Loans, the first charge on fixed assets is given to the respective Banks. The second charge on current assets has been given on pari-passu basis to Banks for Term loan lent by them. Term Loan repayable within one year Rs.8,723 Lakhs (Pr.Yr. Rs.7,702 Lakhs). The term loans guaranteed by the Chairman and Managing Directors aggregate to Rs.Nil (Pr.Yr.Rs.355 Lakhs).
- 5.2) Secured Term Loan from Banks are repayable quarterly over a period from 6 months to 6 years.
- 5.3) The Company has not defaulted in its repayments of the loans.

6 DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liabilities

i) Depreciation Related to Fixed Assets

Deferred Tax Assets

i) Unabsorbed Depreciation Carry Forward

ii) Disallowance under Income Tax

iii) Others

Closing Balance

Opening Balance

Net Deferred Tax Charge / (Credit)

As at
31.03.2012

As at
31.03.2011

(Rs. in Lakhs)

As at 31.03.2012	As at 31.03.2011
(Rs. in Lakhs)	
15,233	15,233
-	-
15,233	15,233
15,563	14,850
312	713
15,875	15,563
23,451	19,742
3,123	7,126
312	713
105	62
17	10
1,130	1,130
183	188
754	1,131
122	183
2,624	3,417
23,951	23,451
55,059	54,247
35,592	38,038
35,592	38,038
5,976	5,341
(1,225)	-
-	(1,153)
(17)	-
4,734	4,188
4,188	5,341
546	(1,153)

	As at 31.03.2012	As at 31.03.2011
	(Rs. in Lakhs)	
7 OTHER LONG TERM LIABILITIES		
Interest Free Sales Tax Loan	599	966
Trade Payables	27	60
Payables on Purchase of Fixed Assets	14,369	5,308
Liabilities for Expenses	2,004	2,004
	16,999	8,338
8 SHORT TERM BORROWINGS		
From Banks Secured		
Loans for Working Capital	23,901	19,292
Packing Credit	-	1,115
	23,901	20,407

8.1) Working capital loans are secured by first charge on inventories and bookdebts and second charge on fixed assets to lending banks on pari-passu basis.

9 TRADE PAYABLES

(Refer Note 30)

Other than Acceptance

	3,054	4,745
	3,054	4,745

10 OTHER CURRENT LIABILITIES

Current Maturities of

i) Long Term Loan (Refer Note 5.1 to 5.3)

ii) Interest Free Sales Tax Loan

Advance Received from Customers

Other Liabilities #

	8,723	7,702
	269	249
	183	66
	387	670
	9,562	8,687

Includes unclaimed dividend of Rs 5 Lakhs (Pr Yr Rs 5 Lakhs), Share application money refund Rs 2 Lakhs (Pr Yr Rs 2 Lakhs) and Statutory dues Rs 380 Lakhs (Pr Yr Rs 663 Lakhs).

11 SHORT TERM PROVISIONS

Provision for Income Tax (Net of Advance Tax) *

Provision for Preference Dividend

Provision for Tax on Preference Dividend

Interim Dividend

Tax on Interim Dividend

Proposed Dividend

Tax on Proposed Dividend

	73	-
	105	63
	17	10
	1,130	-
	183	-
	754	1,130
	122	183
	2,384	1,386

* Net of Advance Tax Rs 518 Lakhs (Pr Yr Rs Nil)

NOTE : 12 FIXED ASSETS

(Rs. in Lakhs)

Particulars	Gross Block			Depreciation			Net Block		
	As at 01.04.2011	Additions	Deletions	As at 31.03.2012	As at 01.04.2011	For the Year	Withdrawn on deletions	As at 31.03.2012	As at 31.03.2011
Land	2,250*	623		2,873				2,873	2,250
Factory Building	14,104	5,728		19,832	1,971	575		17,285	12,133
Buildings	5,988	605		6,593	329	105		6,160	5,659
Plant & Machinery	53,212	28,293	791	80,714	20,576	6,160	471	54,448	32,635
Wind Mill	34,955	532		35,487	11,160	2,938		21,389	23,795
Electrical	3,904	2,161	132	5,933	1,252	324	83	4,440	2,652
Furniture & Fixtures	2,491	144	1	2,634	588	163		1,883	1,903
Computers & Accessories	309	34	4	339	160	52	2	129	149
Vehicles	422	142	19	545	163	45	10	347	260
TOTAL	1,17,635	38,262	947	1,54,950	36,199	10,362	566	1,08,955	81,436
Previous Year	1,01,036	17,563	964	1,17,635	24,136	12,568	505	81,436	

* Includes Lease hold Land of Rs. 318 Lakhs

	As at 31.03.2012	As at 31.03.2011
	(Rs. in Lakhs)	
13 NON CURRENT INVESTMENTS		
In Equity Shares of Subsidiary Companies - Non-Trade, Unquoted, fully paid up		
1,00,000 Shares of Rs 10 each in Quantum Knits Pvt. Limited	10	10
50,000 Shares of Rs 10 each in K P R Sugar Mill Limited	75	-
Share Application Money *	2,604	-
	2,689	10
* K.P.R.Sugar Mill Limited shares to be allotted during FY 2012-13		
14 LONG TERM LOANS AND ADVANCES		
Capital Advances	1,563	6,673
Balance with Government Authorities etc.,	760	842
Advance Tax *	-	17
MAT Credit Entitlement	1,052	102
	3,375	7,634
* Net of Provision for Income Tax Rs Nil (Pr Yr Rs 2,168 Lakhs)		
15 OTHER NON CURRENT ASSETS:		
Long Term Trade Receivables	174	150
	174	150
16 INVENTORIES		
Raw Materials	12,812	18,739
Finished Goods	2,338	6,593
Stock-in-process **	1,011	858
Stores, Spares, Packing & Others	665	494
	16,826	26,684
** Includes Yarn Rs. 995 Lakhs (Pr.Yr. Rs. 848 Lakhs) and Fabric Rs. 16 Lakhs (Pr.Yr. Rs. 10 Lakhs)		
17 TRADE RECEIVABLES		
Unsecured and Considered good		
Over six months from the payment due date	153	131
Others	10,897	9,941
	11,050	10,072
18 CASH AND CASH EQUIVALENTS		
(a) Cash on Hand	74	121
(b) Balance with Banks		
i) In Current Accounts *	1,917	1,073
ii) In Deposit Accounts #	3,450	2,380
	5,441	3,574

* Includes unclaimed dividend of Rs 5 Lakhs (Pr Yr Rs 5 Lakhs), Share application money refund Rs 2 Lakhs (Pr Yr Rs 2 Lakhs)

Deposits Accounts include deposits of Rs 1,874 Lakhs (Pr.Yr. Rs 1,857 Lakhs) with maturity of more than 12 months and Margin Deposits of Rs 1,355 Lakhs (Pr.Yr. Rs 1,474 Lakhs)

19 SHORT TERM LOANS AND ADVANCES

Unsecured and Considered good

Loans and Advances to Related Parties

Loans and Advances to Employees

Balances with Government Authorities and Others

Advance for Purchase

Others (Primarily prepaid expenses)

20 OTHER CURRENT ASSETS:

Interest accrued on Deposits

Income Receivables

Foreign Currency Monetary Item Translation Difference Account

21 REVENUE FROM OPERATIONS

Sale of Products

Sale of Service

Other Operating Income

21.1 Sale of Products

Garment

Yarn

Fabric

21.2 Sale of Service

Processing & Fabrication Income

21.3 Other Operating Income

Export Incentives

Business Development Income

Others (Primarily Cotton Waste)

22 OTHER INCOME

Interest

Dividend

Profit on Sale of Fixed Assets (Net)

Others

As at 31.03.2012	As at 31.03.2011
---------------------	---------------------

(Rs. in Lakhs)

600	600
93	32
86	84
503	3,164
329	324
1,611	4,204
58	49
3,756	419
837	-
4,651	468

Year ended 31.03.2012	Year ended 31.03.2011
--------------------------	--------------------------

(Rs. in Lakhs)

97,915	92,861
6,772	5,515
15,128	7,305
1,19,815	1,05,681
10,434	14,227
69,276	59,383
18,205	19,251
97,915	92,861
6,772	5,515
6,772	5,515
3,381	1,184
5,441	2,431
6,306	3,690
15,128	7,305
205	149
360	60
58	-
51	5
674	214

	Year ended 31.03.2012	Year ended 31.03.2011
	(Rs. in Lakhs)	
23 COST OF MATERIALS CONSUMED		
a) Opening Stock		
Cotton	18,570	9,189
Dyes & Chemicals	137	117
Yarn & Fabric	32	72
	18,739	9,378
b) Add: Purchases		
Cotton	64,266	64,887
Dyes & Chemicals	1,592	1,397
Yarn, Fabric & Garments	8,344	12,662
Trims, Packing & Others	871	939
	75,073	79,885
c) Less : Closing Stock		
Cotton	12,606	18,570
Dyes & Chemicals	126	137
Yarn & Fabric	80	32
	12,812	18,739
	81,000	70,524
24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE		
a) Opening Stock		
Finished Goods	6,593	1,549
Stock-in-Process	858	750
	7,451	2,299
b) Closing Stock		
Finished Goods	2,338	6,593
Stock-in-Process	1,011	858
	3,349	7,451
	4,102	(5,152)
25 EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages & Bonus	5,342	4,879
Contribution to Provident Fund & Other Funds	457	360
Welfare Expenses	428	404
	6,227	5,643
26 FINANCE COSTS		
on Term Loans	3,436	2,479
on Working Capital Loans	1,197	588
Bank Charges	52	49
Interest on Income Tax	19	-
	4,704	3,116

	Year ended 31.03.2012	Year ended 31.03.2011
	(Rs. in Lakhs)	
27 OTHER EXPENSES		
Manufacturing Expenses		
Power & Fuel	3,326	3,087
Consumption of Stores & Packing materials	1,188	994
Insurance Charges	131	175
Production Expenses	257	506
Repairs and Maintenance		
Building	123	182
Machinery	1,934	1,812
Others	166	143
Administration Expenses		
Professional Fees	89	93
Rent	12	19
Rates & Taxes	111	46
Payment to Auditor (Refer Note 29)	9	7
Loss on Sale of Fixed Assets (Net)	-	204
Travelling Expenses	170	134
Donations	208	212
General Expenses	1,400	831
Selling Expenses		
Freight & Forwarding	728	738
Sales Commission	841	682
Other Selling expenses	91	128
	10,784	9,993

28 CONTINGENT LIABILITIES NOT PROVIDED FOR IN THE ACCOUNTS

- 28.1) The Company is in receipt of a demand of Rs.82 Lakhs (Pr.Yr. Rs.82 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.
- 28.2) The Company has issued Bank Guarantee amounting to Rs. 27 Lakhs (Pr.Yr. Rs.80 Lakhs) in favour of EPCG and Bank Guarantee amounting to Rs.5 Lakhs (Pr.Yr. Rs.5 Lakhs) in favour of Tamilnadu Pollution Control Board. The Company issued Corporate Guarantee amounting to Rs.11,500 Lakhs (Pr.Yr. Rs.6,000 Lakhs) towards working capital facility of the wholly owned subsidiary.
- 28.3) The Company has an Export obligation of Rs.60,180 Lakhs (Pr.Yr. Rs. 76,672 Lakhs) to be completed upto 2019-20. The duty implication involved is Rs.7,523 Lakhs (Pr.Yr. Rs. 9,584 Lakhs).
- 28.4) At the request of the Company the Bankers have established Foreign Letter of Credit - Rs. 110 Lakhs (Pr.Yr.Rs.6,845 Lakhs) in favour of suppliers.
- 28.5) The Company has discounted sale bills amounting to Rs.2,209 Lakhs (Pr.Yr. Rs.923 Lakhs) with banks.
- 28.6) Income Tax pending appeals, aggregate Tax Disputed Rs. 82 Lakhs (Pr.Yr.Rs.89 Lakhs). Central Excise pending appeals, aggregate Duty Disputed Rs.6 Lakhs (Pr.Yr.Rs 6 Lakhs). Service tax pending appeals, Tax disputed Rs. 28 Lakhs (Pr.Yr.Rs 28 Lakhs).
- 28.7) Estimated amount of contracts on capital account remaining to be executed (net of advances) aggregate to Rs 786 Lakhs (Pr.Yr. Rs.12,203 Lakhs).

29 PAYMENT TO AUDITORS

(Rs. in Lakhs)		
Particulars	2011-12	2010-11
Audit fees	5	5
Tax Audit and Tax Matters	-	-
Other Services	3	1
Expenses (incl. Service Tax)	1	1
Total	9	7

30 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 circulated for the information from its suppliers about their coverage under the said Act. Since there is no response from supplier, 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.

31 PROVISION FOR LIABILITIES

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

32 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:

32.1 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.Anandakrishnan
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 M/s K P R Cements Private Limited M/s K P R Holdings Private Limited M/s K P R Agro Farms Private Limited M/s Jahnvi Motor Private Limited M/s K.P.R.Charities
Subsidiary company	M/s Quantum Knits Pvt. Limited M/s K.P.R.Sugar Mill Limited

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

Nature of Transaction	(Rs. in Lakhs)				
	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 31.03.2012
Purchase of Goods / Asset	-- (1,550)	-- --	-- --	339 (1,816)	339 (3,366)
Sale of Goods	20 --	-- --	-- --	6,408 (5,785)	6,428 (5,785)
Issue of Preference Shares	-- (1500)	-- --	-- --	-- --	-- (1,500)
Lease Rent	-- --	1 (1)	-- --	-- --	1 (1)
Remuneration / Salary	-- --	440 (831)	34 (20)	-- --	474 (851)
Processing / Service Charges Income	-- --	-- --	-- --	2,425 (2,638)	2,425 (2,638)
Processing / Service Charges Expenses	-- --	-- --	-- --	-- (85)	-- (85)
Donation	200 (200)	-- --	-- --	-- --	200 (200)
Investments	-- --	-- --	-- --	2,679 --	2,679 --
Amount Receivable	8 --	-- --	-- --	623 (535)	631 (535)
Land Advance	-- --	600 (600)	-- --	-- --	600 (600)
Amount Payable	-- --	167 (413)	-- --	-- --	167 (413)

(Previous year figures are in Brackets)

32.3 Details of major transactions with related parties

a) Lease Rent (Rs. in Lakhs)		
Name	2011-12	2010-11
Sri K.P. Ramasamy	0.27	0.27
Sri KPD Sigamani	0.27	0.27
Sri P. Nataraj	0.26	0.26
Total	0.80	0.80

b) Remuneration/Salary (Rs. in Lakhs)		
Name	2011-12	2010-11
Sri K.P. Ramasamy	139	276
Sri KPD Sigamani	139	276
Sri P. Nataraj	138	275
Sri C.R.Anandakrishnan	24	4
Total	440	831

c) Land Advance (Rs. in Lakhs)		
Name	2011-12	2010-11
Sri K.P. Ramasamy	200	200
Sri KPD Sigamani	200	200
Sri P. Nataraj	200	200
Total	600	600

d) Amount Payable (Rs. in Lakhs)		
Name	2011-12	2010-11
Sri K.P. Ramasamy	52	137
Sri KPD Sigamani	52	137
Sri P. Nataraj	61	136
Sri C.R.Anandakrishnan	2	3
Total	167	413

e) Amount Receivable (Rs. in Lakhs)		
Name	2011-12	2010-11
K.P.R.Charities	8	--

33 Expenditure in Foreign Currency (Rs. in Lakhs)		
Particulars	2011-12	2010-11
Travel, sales commission etc.,	214	235
Interest	-	168
Professional Fees	6	1
Value of imports on CIF basis		
Raw Material	289	2,118
Stores and Spare parts	292	369
Machinery	79	2,728
Total	880	5,619

34 Earnings in Foreign Currency (Rs. in Lakhs)		
Particulars	2011-12	2010-11
Export of Goods at FOB value	20,716	15,958

35 Amount remitted during the year in Foreign Currencies		
Particulars	2011-12	2010-11
1.On account of Dividends (Rs. in Lakhs)	33	94
2.Number of Non-Resident Share Holders	1	1
3.Number of Shares held by Non-Resident Share Holders: On which Dividends are due	11,06,784	11,06,784
4.The year to which dividends relate	2010-11	2009-10 & 2010-11

36 Earnings Per Share (EPS)		
Particulars	2011-12	2010-11
Profit After Tax and Preference Dividend & Tax thereon (Rs.in Lakhs)	3,001	7,054
Weighted average number of Shares	3,76,82,892	3,76,82,892
EPS (Rs.) Basic & Diluted	7.96	18.72
Face Value Per Share (Rs)	10	10

37 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 disclosure relating to secondary segment is as given below:

37.1 Geographic Segment	2011-12	2010-11
Export	20,728	15,958
Domestic	77,187	76,903
Total	97,915	92,861

37.3 Capital Expenditure	2011-12	2010-11
Domestic	38,262	17,563

37.2 Segment Assets	2011-12	2010-11
Export	1,346	1,969
Domestic	9,878	8,253
Total	11,224	10,222

- 38 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 ten years from the date of the lease agreement.

	(Rs. in Lakhs)	
	2011-12	2010-11
39 Defined Contribution Plan		
Provident Fund	451.04	342.12
39.1 Defined Benefit Plan		
Gratuity		
A. Changes in Present value of obligation		
PV of obligation as at beginning of the year	64.62	52.17
Current Service Cost	14.50	15.19
Interest Cost	4.85	4.17
Actuarial (gain) / Loss on obligation	5.22	(6.91)
PV of obligation as at end of the year	89.19	64.62
B. Change in Assets during the year ended 31st March		
FV of Plan Asset as at beginning of the year	75.77	59.02
Expected return on Plan Assets	7.00	4.72
Actuarial gain / (loss)	-	0.06
Contributions by the employer	3.74	11.97
FV of Plan Asset as at end of the year	86.51	75.77
C. Net Asset/(Liability) recognized in the Balance Sheet		
PV of obligation as at end of the year	89.19	64.62
FV of Plan Asset as at end of the year	86.51	75.77
Funded Status [Surplus/(Deficit)]	(2.68)	11.15
D. Expenses recognized during the period ended 31st March		
Current Service Cost	14.50	15.19
Interest Cost	4.85	4.17
Expected return on Plan Assets	(7.00)	(4.72)
Actuarial (gains) / Losses	5.22	(6.97)
Net amount recognised in the year	17.57	7.67
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

	2011-12	2010-11
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)	9.15%	8.00%
Expected average remaining working lives of employees (years)	30.03	29.80

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.

40 Captive consumption of wind power: The power cost is net value of captively consumed units.

41 The Company exercised the option provided by The Government of India, Ministry of Corporate Affairs vide Notification No.G.S.R.913 (E) dated December 29, 2011, amending the Companies (Accounting Standard) Rules, 2006 in respect of the exchange differences arising on long-term foreign currency monetary items. The unamortized net exchange difference on account of the above is a Net Loss of Rs 837 Lakhs as at March 31, 2012. (Previous Year Ended 31.03.2011 Net Gain / (Loss) - Nil). The profit for the year is overstated to this extent due to change in accounting policy.

42 Disclosure as per Clause 32 of the Listing Agreements

There are no loans and advances in the nature of loans given to associates and others and investment in shares of the Company by such parties.

43 Details of hedged and unhedged foreign currency exposures

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2012

Currency	Cross currency	Amount (in Lakhs)	Buy / Sell
\$	Rupees	10.00 (Nil)	Buy
\$	Rupees	0.67 (Nil)	Sell

(ii) Outstanding option contracts entered into by the Company as on 31 March, 2012

Currency	Cross currency	Amount (in Lakhs)	Buy / Sell
\$	Rupees	20.00 (Nil)	Buy

iii) The year-end unhedged foreign currency exposures are given below:

As at 31 March, 2012		As at 31 March, 2011	
Receivable/ (Payable) Rs. in Lakhs	Receivable/ (Payable) FC in Lakhs	Receivable/ (Payable) Rs. in Lakhs	Receivable/ (Payable) FC in Lakhs
294.94	\$5.80	-	-
530.21	€ 7.81	1376.36	€ 21.76
768.62	£ 9.43	666.37	£ 9.26
(734.64)	(\$14.44)	(300.81)	(\$6.74)
(8044.53)	(€ 118.46)	(1382.22)	(€ 21.81)
(5435.22)	(CHF 96.43)	(3465.50)	(CHF 71.09)
-	-	(106.52)	(JPY 198.00)

Note: Figures in brackets relate to the previous year

44 Previous Year's Figures

These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act 1956. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

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 two subsidiaries (the Company and its two subsidiaries constitute "the Group") as at 31st March, 2012 the Consolidated Statement of Profit and Loss 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. The Consolidated Financial Statement includes the Financial Statements of the following entities:

K.P.R. Mill Limited
Quantum Knits Pvt. Limited and
K.P.R. Sugar Mill Limited
4. We did not audit the financial statements of K.P.R. Sugar Mill Limited, whose financial statements reflect total assets of Rs. 11,720 lakhs as at March 31, 2012, total revenues of Rs. Nil lakhs and net cash inflows amounting to Rs. 71 lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by another auditor whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiary is based solely on the reports of the other auditor.
5. 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.
6. 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, 2012;
 - ii) in the case of the Consolidated Statement of Profit and Loss, 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
28.06.2012

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

Consolidated Balance Sheet

Consolidated Balance Sheet as at 31.03.2012

	Note	As at 31.03.2012	As at 31.03.2011
(Rs. in Lakhs)			
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	5,561	5,268
(b) Reserves and Surplus	4	57,526	54,367
		63,087	59,635
2 Non-Current Liabilities			
(a) Long-Term Borrowings	5	42,021	38,038
(b) Deferred Tax Liabilities (Net)	6	4,734	4,188
(c) Other Long - Term Liabilities	7	17,118	8,338
		63,873	50,564
3 Current Liabilities			
(a) Short-Term Borrowings	8	29,145	25,557
(b) Trade Payables	9	3,750	5,559
(c) Other Current Liabilities	10	9,659	8,744
(d) Short-Term Provisions	11	2,389	1,386
		44,943	41,246
		1,71,903	1,51,445
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	1,09,078	81,436
(ii) Goodwill on Consolidation		70	-
(iii) Capital Work-in-Progress		7,483	11,072
		1,16,631	92,508
(b) Long-Term Loans and Advances	13	8,918	7,617
(c) Other Non-Current Assets	14	174	150
		1,25,723	1,00,275
2 Current Assets			
(a) Inventories	15	18,653	29,440
(b) Trade Receivables	16	13,699	12,373
(c) Cash and Cash Equivalents	17	5,926	3,971
(d) Short-Term Loans and Advances	18	1,973	4,691
(e) Other Current Assets	19	5,929	695
		46,180	51,170
		1,71,903	1,51,445

Accompanying notes form part of the consolidated financial statements

For and on behalf of the Board

K.P. Ramasamy
Chairman

J.S. Kumar
Vice President (Finance)

Coimbatore
28.06.2012

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 Profit and Loss

Consolidated Statement of Profit and Loss for the Year Ended 31.03.2012

	Note	Year ended 31.03.2012	Year ended 31.03.2011
(Rs. in Lakhs)			
I. Revenue from Operations	20	1,26,854	1,10,742
II. Other Income	21	697	214
III. Total Revenue		1,27,551	1,10,956
IV. Expenses			
Cost of Materials Consumed	22	84,182	72,427
Purchase of Stock-in-Trade		-	-
Changes in Inventories of Finished Goods, Work- in-Progress and Stock in Trade	23	5,092	(6,053)
Employee Benefits Expenses	24	8,291	8,214
Finance Costs	25	4,817	3,235
Depreciation and Amortization Expenses	12	10,362	12,568
Other Expenses	26	11,310	11,222
Total Expenses		1,24,054	1,01,613
V. Profit Before Tax		3,497	9,343
Tax Expense			
1. Current Tax Expense for Current Year		648	2,214
2. Less: MAT Credit Entitlement		598	-
3. Current Tax Expense relating to Prior Years		(378)	1,061
4. Deferred Tax	6	546	(1,153)
		218	2,122
VI. Profit / (Loss) for the year		3,279	7,221
VII. Earnings per equity share of Rs 10 each	32		
1. Basic & Diluted (in Rs.)		8.38	18.97

Accompanying notes form part of the consolidated financial statements

For and on behalf of the Board

K.P. Ramasamy
Chairman

J.S. Kumar
Vice President (Finance)

Coimbatore
28.06.2012

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 31.03.2012

PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
CASH FLOW FROM OPERATING ACTIVITIES	(Rs. in Lakhs)	
Profit Before Tax	3,497	9,343
Depreciation	10,362	12,568
(Profit) / Loss on Sale of Assets	(58)	204
Interest Expenses	4,817	3,235
Interest Income	(205)	(149)
Dividend from Mutual Funds	(360)	(60)
Operating profit before Working Capital adjustments	18,053	25,141
(Increase) / Decrease in Sundry Debtors	(1,351)	(916)
(Increase) / Decrease in Loans and Advances	2,792	(378)
(Increase) / Decrease in Inventories	10,787	(15,835)
(Increase) / Decrease in Other Current Assets	(4,379)	774
Increase / (Decrease) in Current Liabilities	(2,030)	(554)
Cash Generated from Operations	23,872	8,232
Income Tax Paid	(2,328)	(1,855)
Cash Flow before extraordinary items	21,544	6,377
Net Cash from Operating Activities (A)	21,544	6,377
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(25,092)	(28,153)
Proceeds from Sale of Fixed Assets	438	255
Purchase of KPR Sugar Mill Limited Share	(70)	-
Purchase of Investment	(55,450)	(36,250)
Proceeds from the sale of investment	55,450	36,250
Dividend income	360	60
Interest Receipts	186	172
Net Cash flow used in Investing Activities (B)	(24,178)	(27,666)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / Proceeds of Secured Loan	11,030	27,154
Proceeds / (Repayment) of Unsecured Loans	(347)	(367)
Interest Paid	(4,708)	(3,011)
Dividend Paid	(1,192)	(3,203)
Tax on Dividend	(194)	(532)
Net Cash used in Financing Activities (C)	4,589	20,041
Net Increase in Cash and Cash Equivalents (A+B+C)	1,955	(1,249)
Cash and cash equivalents as at beginning of the year	3,971	5,220
Cash and cash equivalents as at end of the year	5,926	3,971
Cash and cash equivalents is represented by		
Cash on hand	140	143
Balance with Bank *	5,786	3,828
	5,926	3,971

* Includes restricted cash of Rs. 1,463 Lakhs (Pr.Yr. Rs. 1,481 Lakhs)

For and on behalf of the Board

K.P. Ramasamy
Chairman

J.S. Kumar
Vice President (Finance)

Coimbatore
28.06.2012

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

1. COMPANY OVERVIEW

K.P.R. Mill Limited along with its wholly-owned subsidiary Quantum Knits Pvt. Limited is one of the largest vertically integrated apparel manufacturing Companies in India. The Company produces Yarn, Knitted Fabric, Readymade Garments and Wind Power. It has state-of-the-art production facilities in the State of Tamil Nadu, India.

The Company's shares are listed in Bombay Stock Exchange (BSE) and in National Stock Exchange (NSE).

2. SIGNIFICANT ACCOUNTING POLICIES**A) 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 Companies Quantum Knits Pvt. Limited and K.P.R.Sugar Mill Limited. The Company and its subsidiaries constitute the Group.

B) 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 31st March, 2012.
- 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.

C) 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 companies are incorporated on 03-06-2009 & 27-06-2011 respectively, is considered in the consolidated financial statements.

Sl No	Name of Subsidiary Company	Country of Incorporation	% of holding as at 31st March, 2012
1	M/s QUANTUM KNITS PVT. LIMITED	India	100%
2	M/s K.P.R.SUGAR MILL LIMITED	India	100%

D) 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.

E) 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.

F) CASH FLOW STATEMENT

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

G) INVENTORIES

Items of 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.

H) REVENUE RECOGNITION

Revenue from sale of products are recognized when the property in goods are transferred to buyer. Job work income and Revenue from sale of windmill power is recognized when invoiced. Dividend Income is recognised when right to receive is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. Export incentives are accounted for in the year of exports based on eligibility and expected amount on realisation.

I) EXCISE DUTY

The Company has opted to adopt for 'Exempted Route' under Central Excise Rules for local sales. Accordingly, CENVAT credit on inputs is not available to the Company and no excise duty is payable on sale of manufactured goods.

J) 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:

1. 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.

2. Gratuity

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 Statement of Profit and Loss 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.

3. Leave encashment

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

K) 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 Statement of Profit and Loss.

Exchange differences on translation or settlement of long term foreign currency monetary items (i.e. whose term of settlement is twelve months or above from date of its origination) at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, these are accumulated in "Foreign currency monetary item translation difference account" and amortised by recognition as income or expense in each period over the balance term of such items till settlement occurs but not beyond March 31, 2020.

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 exchange 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.

L) 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.

M) 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.

N) 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 Statement of Profit and Loss 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.

3 SHARE CAPITAL**Authorised Share Capital**

4,00,00,000 (Pr.Yr. 4,00,00,000) Equity Shares of Rs. 10 each
 15,00,000 (Pr.Yr. 15,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each

Issued, Subscribed & Paid up Capital

3,76,82,892 (Pr.Yr. 3,76,82,892) Equity Shares of Rs. 10 each fully paid-up
 15,00,000 (Pr.Yr. 15,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each
 Share Forfeiture *

	As at 31.03.2012	As at 31.03.2011
	(Rs. in Lakhs)	
	4,000	4,000
	1,500	1,500
	5,500	5,500
	3,768	3,768
	1,500	1,500
	293	-
	5,561	5,268

*** Details to Share Forfeiture**

	As at 31 March, 2012		As at 31 March, 2011	
Class of shares	Number of Shares	(Rs. in Lakhs)	Number of Shares	(Rs. in Lakhs)
Equity shares - Forfeited	39,87,000	293	39,87,000	293

- 3.1) 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 Lakhs. Consequent to above, the paid up equity share capital has increased by Rs 591 Lakhs.
- 3.2) Pursuant to the approval of share holders at the Annual General Meeting held on 25.08.2010, the Company allotted 7% redeemable cumulative preference shares to K.P.R Developers Ltd as a consideration other than cash.
- 3.3) Term / Rights to Shares

Equity Shares: As per the provisions of the Companies Act,1956 and Articles of Association of the Company.

Preference Shares: 7% Redeemable Cumulative Non-Convertible Preference Shares are redeemable at par within a period of 10 years from the date of issue as may be decided by the Board.

3.4) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Equity Shares		As at 31 March, 2012		As at 31 March, 2011	
Particulars		Number of Shares	(Rs. in Lakhs)	Number of Shares	(Rs. in Lakhs)
At the beginning of the period		3,76,82,892	3,768	3,76,82,892	3,768
Changes during the year		-	-	-	-
Outstanding at the end of the period		3,76,82,892	3,768	3,76,82,892	3,768

3.5) 7% Redeemable Cumulative Non-Convertible Preference Shares

Particulars	Number of Shares	(Rs. in Lakhs)	Number of Shares	(Rs. in Lakhs)
At the beginning of the period	15,00,000	1,500	-	-
Issued during the period	-	-	15,00,000	1,500
Outstanding at the end of the period	15,00,000	1,500	15,00,000	1,500

3.6) Details of Shareholders holding more than 5% of Shares in the Company

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of Shares	%	Number of Shares	%
Sri K.P.Ramasamy	80,68,109	21.41	80,68,109	21.41
Sri KPD Sigamani	80,69,059	21.41	80,69,059	21.41
Sri P.Nataraj	80,68,158	21.41	80,68,158	21.41
M/s Ares Investments	25,54,994	6.78	25,54,994	6.78

7% Redeemable Cumulative Non-Convertible Preference Shares

Particulars	Number of Shares	%	Number of Shares	%
M/s K.P.R. Developers Limited	15,00,000	100	15,00,000	100

4 RESERVES AND SURPLUS

Securities Premium Account

Opening Balance

Add: Additions during the year

Closing Balance

General Reserve

Opening Balance

Transfer from Surplus in the Statement of Profit and Loss

Closing Balance

Surplus in Statement of Profit and Loss

Opening Balance

Profit for the year

Loss Transfer from KPR Sugar Mill Limited *

Less:

Transfer to General Reserve

Preference Dividend

Tax on Preference Dividend

Interim Dividend

Tax on Interim Dividend

Proposed Dividend

Tax on Proposed Dividend

Closing Balance

* Loss of M/s K.P.R.Sugar Mill Limited Prior to acquisition

5 LONG TERM BORROWINGS

From Banks Secured

Term Loans

	As at 31.03.2012	As at 31.03.2011
(Rs. in Lakhs)		
	15,233	15,233
	3,863	-
	19,096	15,233
	15,565	14,852
	312	713
	15,877	15,565
	23,569	19,765
	3,279	7,221
	(1,672)	-
	312	713
	105	62
	17	10
	1,130	1,130
	183	188
	754	1,131
	122	183
	2,624	3,416
	22,553	23,569
	57,526	54,367
	42,021	38,038
	42,021	38,038

- 5.1) For Term Loans, the first charge on fixed assets is given to the respective Banks. The second charge on current assets has been given on pari-passu basis to Banks for Term loan lent by them. Term Loan repayable within one year Rs.8,723 Lakhs (Pr.Yr. Rs.7,702 Lakhs). The term loans guaranteed by the Chairman and Managing Directors aggregate to Rs.Nil (Pr.Yr.Rs.355 Lakhs).
- 5.2) Secured Term Loan from Banks are repayable quarterly over a period from 6 months to 8.5 years.
- 5.3) The Company has not defaulted in its repayments of the loans.

	As at 31.03.2012	As at 31.03.2011
	(Rs. in Lakhs)	
6 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
i) Depreciation Related to Fixed Assets	5,976	5,341
Deferred Tax Assets		
i) Unabsorbed Depreciation Carry Forward	(1,225)	-
ii) Disallowance under Income Tax	-	(1,153)
iii) Others	(17)	-
Closing Balance	4,734	4,188
Opening Balance	4,188	5,341
Net Deferred Tax Charge / (Credit)	546	(1,153)
7 OTHER LONG TERM LIABILITIES		
Interest Free Sales Tax Loan	599	966
Trade Payables	27	60
Payables on Purchase of Fixed Assets	14,488	5,308
Liabilities for Expenses	2,004	2,004
	17,118	8,338
8 SHORT TERM BORROWINGS		
From Banks Secured		
Loans for Working Capital	23,901	19,293
Packing Credit	5,244	6,264
	29,145	25,557
8.1) Working capital loans are secured by first charge on inventories and bookdebts and second charge on fixed assets to lending banks on pari-passu basis.		
9 TRADE PAYABLES		
(Refer Note 29)		
Other than Acceptance	3,750	5,559
	3,750	5,559

10 OTHER CURRENT LIABILITIES

Current Maturities of

- i) Long Term Loan (Refer Note 5.1 to 5.3)
- ii) Interest Free Sales Tax Loan
- Interest accrued and due on borrowings
- Advance Received from Customers
- Other Liabilities #

As at
31.03.2012 As at
31.03.2011

(Rs. in Lakhs)

8,723	7,702
269	249
61	-
183	66
423	727
9,659	8,744

Includes unclaimed dividend of Rs. 5 Lakhs (Pr. Yr. Rs. 5 Lakhs), Share application money refund Rs. 2 Lakhs (Pr. Yr. Rs. 2 Lakhs) and Statutory dues Rs. 416 Lakhs (Pr. Yr. Rs. 720 Lakhs).

11 SHORT TERM PROVISIONS

- Provision for Income Tax (Net of Advance Tax) *
- Provision for Preference Dividend
- Provision for Tax on Preference Dividend
- Interim Dividend
- Tax on Interim Dividend
- Proposed Dividend
- Tax on Proposed Dividend

78	-
105	62
17	11
1,130	-
183	-
754	1,130
122	183
2,389	1,386

* Net of Advance Tax Rs 572 Lakhs (Pr Yr Rs Nil)

NOTE : 12 FIXED ASSETS

(Rs. in Lakhs)

Particulars	Gross Block			Depreciation			Net Block	
	As at 01.04.2011	Additions	Deletions	As at 31.03.2012	As at 01.04.2011	For the Year	As at 31.03.2012	As at 31.03.2011
Land	2,250**	746*		2,996			2,996	2,250
Factory Building	14,104	5,728		19,832	1,971	575	17,285	12,133
Buildings	5,988	605		6,593	329	105	6,160	5,659
Plant & Machinery	53,212	28,293	791	80,714	20,576	6,160	54,448	32,635
Wind Mill	34,955	532		35,487	11,160	2,938	21,389	23,795
Electrical	3,904	2,161	132	5,933	1,252	324	4,440	2,652
Furniture & Fixtures	2,491	144	1	2,634	588	163	1,883	1,903
Computers & Accessories	309	34	4	339	160	52	129	149
Vehicles	422	142	19	545	163	45	347	260
TOTAL	1,17,635	38,385	947	1,55,073	36,199	10,362	1,09,078	81,436
Previous Year	1,01,036	17,563	964	1,17,635	24,136	12,568	81,436	

* Includes Assets of Subsidiary Company taken over on 27.06.2011

** Includes Lease hold Land of Rs. 318 Lakhs

	As at 31.03.2012	As at 31.03.2011
	(Rs. in Lakhs)	
13 LONG TERM LOANS AND ADVANCES		
Capital Advances	7,098	6,673
Balance with Government Authorities etc.,	768	842
Advance Tax *	-	0
MAT Credit Entitlement	1,052	102
	8,918	7,617
* Net of Provision for Income Tax Rs Nil (Pr Yr Rs 2,215 Lakhs)		
14 OTHER NON CURRENT ASSETS:		
Long Term Trade Receivables	174	150
	174	150
15 INVENTORIES		
Raw Materials	13,637	19,535
Finished Goods	3,137	8,419
Stock-in-process **	1,048	858
Stores, Spares, Packing & Others	831	628
	18,653	29,440
** Includes Yarn Rs. 995 Lakhs (Pr.Yr. Rs. 848 Lakhs), Fabric Rs. 16 Lakhs (Pr.Yr. Rs. 10 Lakhs) and Garments Rs. 37 Lakhs (Pr.Yr. Rs. Nil).		
16 TRADE RECEIVABLES		
Unsecured and Considered good		
Over six months	153	131
Others	13,546	12,242
	13,699	12,373
17 CASH AND CASH EQUIVALENTS		
(a) Cash on Hand	140	143
(b) Balance with Banks		
i) In Current Accounts *	2,235	1,448
ii) In Deposit Accounts #	3,551	2,380
	5,926	3,971
* Includes unclaimed dividend of Rs. 5 Lakhs (Pr. Yr. Rs. 5 Lakhs), Share application money refund Rs. 2 Lakhs (Pr. Yr. Rs. 2 Lakhs)		
# Deposits Accounts include deposits of Rs. 1,874 Lakhs (Pr.Yr. Rs. 1,857 Lakhs) with maturity of more than 12 months and Margin Deposits of Rs 1,456 Lakhs (Pr.Yr. Rs. 1,474 Lakhs)		
18 SHORT TERM LOANS AND ADVANCES		
Unsecured and Considered good		
Loans and Advances to Related Parties	600	600
Loans and Advances to Employees	154	124
Balance with Government Authorities & Others	358	170
Advance for Purchase	531	3,469
Others (Primarily prepaid expenses)	330	328
	1,973	4,691
19 OTHER CURRENT ASSETS:		
Interest accrued on Deposits	68	49
Income Receivables	5,024	646
Foreign Currency Monetary Item Translation Difference Account	837	-
	5,929	695

	Year Ended 31.03.2012	Year Ended 31.03.2011
	(Rs. in Lakhs)	
20 REVENUE FROM OPERATIONS		
Sale of Products	1,10,816	1,01,146
Sale of Service	4,490	3,044
Other Operating Income	11,548	6,552
	1,26,854	1,10,742
20.1 Sale of Products		
Garment	29,489	28,263
Yarn	68,854	57,943
Fabric	12,473	14,940
	1,10,816	1,01,146
20.2 Sale of Service		
Processing & Fabrication Income	4,490	3,044
	4,490	3,044
20.3 Other Operating Income		
Export Incentives	5,252	2,314
Exchange Gain (Net)	-	460
Others (Primarily Cotton Waste)	6,296	3,778
	11,548	6,552
21 OTHER INCOME		
Interest	205	149
Dividend	360	60
Profit on Sale of Fixed Assets (Net)	58	-
Others	74	5
	697	214
22 COST OF MATERIALS CONSUMED		
a) Opening Stock		
Cotton	18,570	9,189
Dyes & Chemicals	137	117
Yarn & Fabric	828	246
	19,535	9,552
b) Add: Purchases		
Cotton	64,266	64,887
Dyes & Chemicals	1,592	1,397
Yarn, Fabric & Garments	10,269	13,585
Trims, Packing & Others	2,157	2,541
	78,284	82,410
c) Less : Closing Stock		
Cotton	12,606	18,570
Dyes & Chemicals	126	137
Yarn & Fabric	905	828
	13,637	19,535
	84,182	72,427

	Year Ended 31.03.2012	Year Ended 31.03.2011
	(Rs. in Lakhs)	
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE		
a) Opening Stock		
Finished Goods	8,419	2,474
Stock-in-Process	858	750
	9,277	3,224
b) Closing Stock		
Finished Goods	3,137	8,419
Stock-in-Process	1,048	858
	4,185	9,277
	5,092	(6,053)
24 EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages & Bonus	6,958	6,963
Contribution to Provident Fund & Other Funds	634	595
Welfare Expenses	699	656
	8,291	8,214
25 FINANCE COSTS		
on Term Loans	3,436	2,479
on Working Capital Loans	1,281	698
Bank Charges	81	58
Interest on Income Tax	19	-
	4,817	3,235
26 OTHER EXPENSES		
Manufacturing Expenses		
Power & Fuel	3,556	3,364
Consumption of Stores & Packing materials	1,221	1,014
Insurance Charges	148	183
Production Expenses	742	858
Repairs and Maintenance		
Building	136	194
Machinery	2,012	1,877
Others	191	182
Administration Expenses		
Professional Fees	140	116
Rent	13	19
Rates & Taxes	112	46
Payment to Auditor (Refer Note 28)	11	9
Loss on Sale of Fixed Assets (Net)	-	204
Travelling Expenses	224	202
Donations	209	213
General Expenses	547	824
Selling Expenses		
Freight & Forwarding	1,038	1079
Sales Commission	868	687
Other Selling expenses	142	151
	11,310	11,222

27 CONTINGENT LIABILITIES NOT PROVIDED FOR IN THE ACCOUNTS

- 271) The Company is in receipt of a demand of Rs. 82 Lakhs (Pr.Yr. Rs. 82 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.
- 272) The Company has issued Bank Guarantee amounting to Rs. 27 Lakhs (Pr. Yr. Rs. 80 Lakhs) in favour of EPCG, Bank Guarantee amounting to Rs. 5 Lakhs (Pr.Yr. Rs. 5 Lakhs) in favour of Tamilnadu Pollution Control Board. The Company issued Corporate Guarantee amounting to Rs. 11,500 Lakhs (Pr.Yr. Rs. 6,000 Lakhs) towards working capital facility of the wholly owned subsidiary.
- 273) The Company has an Export obligation of Rs. 60,180 Lakhs (Pr.Yr. Rs. 76,672 Lakhs) to be completed by 2019-20. The duty implication involved is Rs. 7,523 Lakhs (Pr.Yr. Rs. 9,584 Lakhs).
- 274) At the request of the Company the Bankers have established Letter of Credit in favour of the suppliers of the Company as under:
- i) Foreign Letter of Credit - Rs. 110 Lakhs (Pr.Yr. Rs. 6,845 Lakhs).
 - ii) Inland Letter of Credit - Rs. 11,929 Lakhs (Pr. Yr. Rs. Nil).
- 275) The Company has discounted sale bills amounting to Rs. 2,209 Lakhs (Pr.Yr. Rs. 923 Lakhs) with banks.
- 276) Income Tax pending appeals, aggregate Tax Disputed Rs. 82 Lakhs (Pr.Yr. Rs. 89 Lakhs). Central Excise pending appeals, aggregate Duty Disputed Rs. 6 Lakhs (Pr.Yr. Rs. 6 Lakhs). Service tax pending appeals, Tax disputed Rs. 28 Lakhs (Pr.Yr. Rs. 28 Lakhs).
- 277) Estimated amount of contracts on capital account remaining to be executed (net of advances) aggregate to Rs. 4,730 Lakhs (Pr.Yr. Rs. 12,203 Lakhs).

28 PAYMENT TO AUDITORS

Particulars	(Rs. in Lakhs)	
	2011-12	2010-11
Audit fees	7	7
Tax Audit and Tax Matters	-	-
Other Services	3	1
Expenses (incl. Service Tax)	1	1
Total	11	9

29 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 circulated for the information from its suppliers about their coverage under the said Act. Since there is no response from supplier, 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.

30 PROVISION FOR LIABILITIES

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

31 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:

31.1 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.Anandakrishnan
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 M/s K P R Cements Private Limited M/s K P R Holdings Private Limited M/s K P R Agro Farms Private Limited M/s Jahnvi Motor Private Limited M/s K.P.R.Charities

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

Nature of Transaction	(Rs. in Lakhs)			
	Enterprises owned or significantly influenced by key management personnel / Directors or their relatives	Key Managerial Persons	Relatives to Key Managerial Persons	Total as on 31.03.2012
Purchase of Goods / Asset	-- (1,550)	-- --	-- --	-- (1550)
Sale of Asset	8 --	-- --	-- --	8 --
Issue of Preference Shares	-- (1500)	-- --	-- --	-- (1,500)
Lease Rent	-- --	1 (1)	-- --	1 (1)
Remuneration / Salary	-- --	440 (831)	34 (20)	474 (851)
Donation	200 (200)	-- --	-- --	200 (200)
Land Advance	-- --	600 (600)	-- --	600 (600)
Amount Receivable	8 --	-- --	-- --	8 --
Amount Payable	-- --	167 (413)	-- --	167 (413)

(Previous year figures are in Brackets)

31.3 Details of major transactions with related parties

a) Lease Rent (Rs. in Lakhs)		
Name	2011-12	2010-11
Sri K.P. Ramasamy	0.27	0.27
Sri KPD Sigamani	0.27	0.27
Sri P. Nataraj	0.26	0.26
Total	0.80	0.80

b) Remuneration/Salary (Rs. in Lakhs)		
Name	2011-12	2010-11
Sri K.P. Ramasamy	139	276
Sri KPD Sigamani	139	276
Sri P. Nataraj	138	275
Sri C.R.Anandakrishnan	24	4
Total	440	831

c) Land Advance (Rs. in Lakhs)		
Name	2011-12	2010-11
Sri K.P. Ramasamy	200	200
Sri KPD Sigamani	200	200
Sri P. Nataraj	200	200
Total	600	600

d) Amount Payable (Rs. in Lakhs)		
Name	2011-12	2010-11
Sri K.P. Ramasamy	52	137
Sri KPD Sigamani	52	137
Sri P. Nataraj	61	136
Sri C.R.Anandakrishnan	2	3
Total	167	413

e) Amount Receivable (Rs. in Lakhs)		
Name	2011-12	2010-11
K.P.R.Charities	8	--

32 Earnings Per Share (EPS)

Particulars	2011-12	2010-11
Profit After Tax and Preference Dividend & Tax thereon (Rs.in Lakhs)	3,157	7,149
Weighted average number of Shares	3,76,82,892	3,76,82,892
EPS (Rs.) Basic & Diluted	8.38	18.97
Face Value Per Share (Rs)	10	10

33 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.

33.1 Geographic Segment	2011-12	2010-11
Export	39,454	29,989
Domestic	71,362	71,157
Total	1,10,816	1,01,146

33.2 Segment Assets	2011-12	2010-11
Export	4,386	4,797
Domestic	9,487	7,726
Total	13,873	12,523

33.3 Capital Expenditure	2011-12	2010-11
Domestic	38,262	17,563

- 34 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 ten years from the date of the lease agreement.

	(Rs. in Lakhs)	
	2011-12	2010-11
35 Defined Contribution Plan		
Provident Fund	631.22	573.19
35.1 Defined Benefit Plan		
Gratuity		
A. Changes in Present value of obligation		
PV of obligation as at beginning of the year	76.51	57.87
Current Service Cost	19.17	19.33
Interest Cost	5.95	4.63
Actuarial (gain) / Loss on obligation	4.53	(5.32)
PV of obligation as at end of the year	106.16	76.51
B. Change in Assets during the year ended 31st March		
FV of Plan Asset as at beginning of the year	88.54	68.10
Expected return on Plan Assets	8.24	5.45
Actuarial gain / (loss)	0.88	0.06
Contributions by the employer	5.08	14.93
FV of Plan Asset as at end of the year	102.74	88.54
C. Net Asset/(Liability) recognized in the Balance Sheet		
PV of obligation as at end of the year	106.16	76.51
FV of Plan Asset as at end of the year	102.74	88.54
Funded Status [Surplus/(Deficit)]	(3.42)	12.03
D. Expenses recognized during the period ended 31st March		
Current Service Cost	19.17	19.33
Interest Cost	5.95	4.63
Expected return on Plan Assets	(8.24)	(5.45)
Actuarial (gains) / Losses	3.65	(5.38)
Net amount recognised in the year	20.53	13.13
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

	2011-12	2010-11
Discount Rate (per annum)	8.00%	8.00%
Rate of increase in compensation levels (per annum)	7.20%	7.00%
Rate of return on plan assets (per annum)	9.15%	8.00%
Expected average remaining working lives of employees (years)	29.85	28.91

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.

36 The Company exercised the option provided by The Government of India, Ministry of Corporate Affairs vide Notification No.G.S.R.913 (E) dated December 29, 2011, amending the Companies (Accounting Standard) Rules, 2006 in respect of the exchange differences arising on long-term foreign currency monetary items. The unamortized net exchange difference on account of the above is a Net Loss of Rs. 837 Lakhs as at March 31, 2012. (Previous Year Ended 31.03.2011 Net Gain / (Loss) - Nil). The profit for the year is overstated to this extent due to change in accounting policy.

37 Disclosure as per Clause 32 of the Listing Agreements

There are no loans and advances in the nature of loans given to associates and others and investment in shares of the Company by such parties.

38 Details of hedged and unhedged foreign currency exposures

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2012

Currency	Cross currency	Amount (in Lakhs)	Buy / Sell
\$	Rupees	10.00 (Nil)	Buy
\$	Rupees	0.67 (Nil)	Sell

(ii) Outstanding option contracts entered into by the Company as on 31 March, 2012

Currency	Cross currency	Amount (in Lakhs)	Buy / Sell
\$	Rupees	20.00 (Nil)	Buy

iii) The year-end unhedged foreign currency exposures are given below:

As at 31 March, 2012		As at 31 March, 2011	
Receivable/ (Payable) Rs. in Lakhs	Receivable/ (Payable) FC in Lakhs	Receivable/ (Payable) Rs. in Lakhs	Receivable/ (Payable) FC in Lakhs
1245.79	\$24.49	1440.89	\$32.27
1654.29	€ 24.37	2736.72	€ 43.27
1838.59	£ 22.55	692.13	£ 9.62
(734.64)	(\$14.44)	(300.81)	(\$6.74)
(8044.53)	(€ 118.46)	(1382.22)	(€ 21.81)
(5435.22)	(CHF 96.43)	(3465.50)	(CHF 71.09)
-	-	(106.52)	(JPY 198.00)

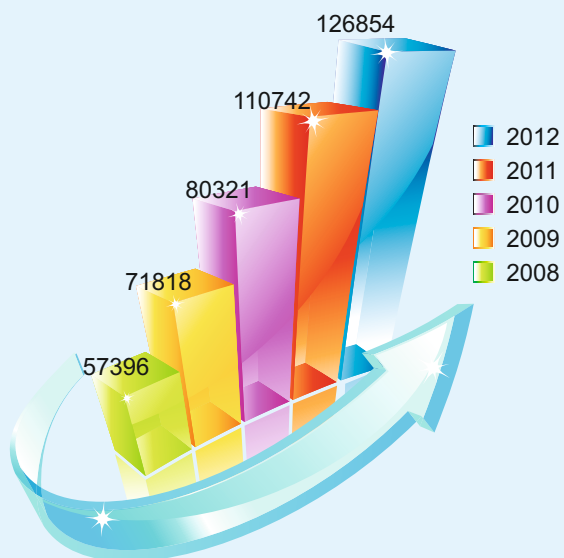
Note: Figures in brackets relate to the previous year

39 Previous Year's Figures

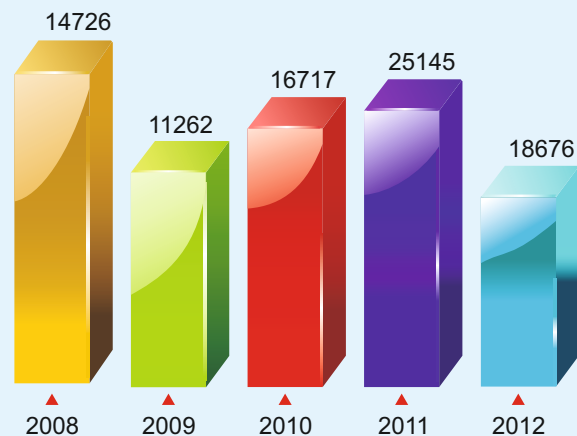
These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act 1956. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Statement pursuant to general exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies FY 2011-12

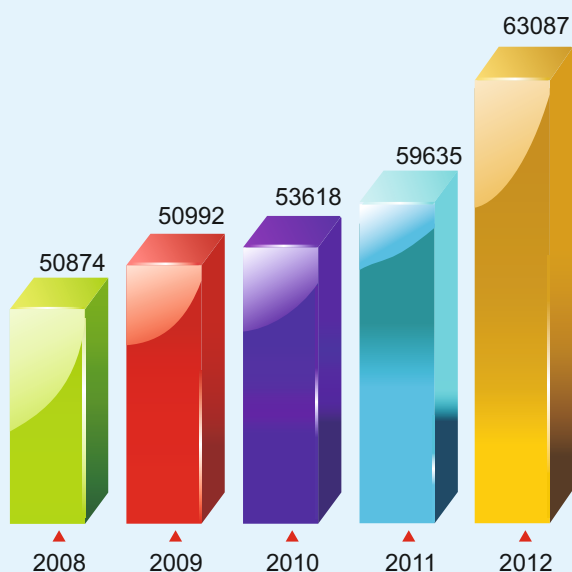
Particulars	(Rs. in Lakhs)	
	Quantum Knits Pvt Limited	K.P.R.Sugar Mill Limited
Capital	10	2,902
Reserves	276	2,191
Total assets	6,874	11,720
Total liabilities	6,588	6,627
Investment other than investment in subsidiary	-	-
Turnover	22,562	-
Profit before taxation	187	-
Provision for taxation	31	-
Profit after taxation	156	-
Proposed dividend	-	-



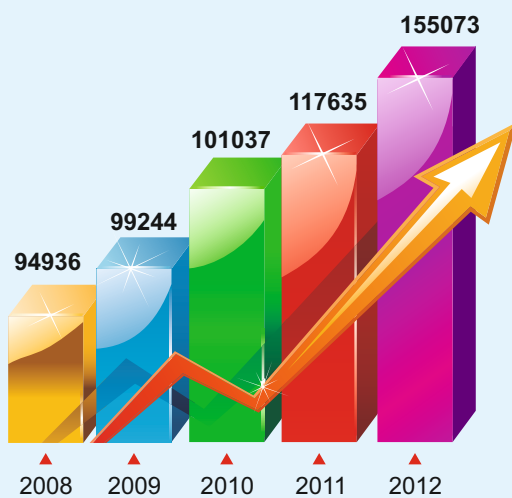
TURNOVER (Rs. in Lakhs)



EBITDA (Rs. in Lakhs)

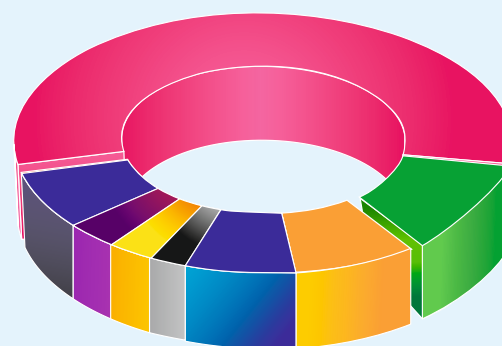


NET WORTH GROWTH (Rs. in Lakhs)

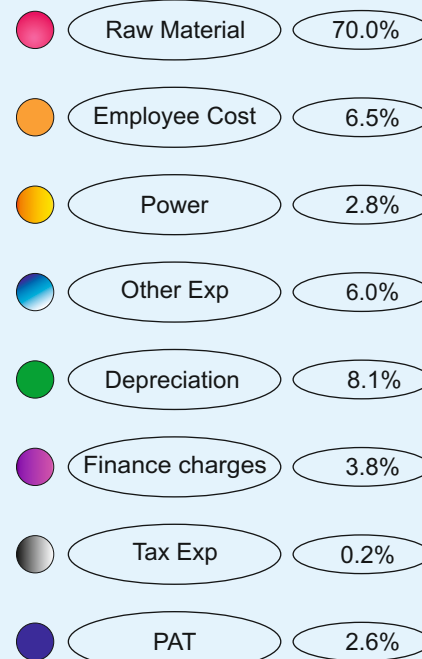


FIXED ASSET GROSS BLOCK (Rs. in Lakhs)

GRAPH SHOW



DISTRIBUTION OF EARNINGS





Corporate Office:

KPR MILL LIMITED

270 J, Periyar Colony, Anupparpalayam,
Tirupur - 641 652, India.

Phone : +91 - 421 - 2487051 (6 lines) | Fax : +91 - 421 - 2477254

Email : mail@kprmill.com

www.kprmilllimited.com