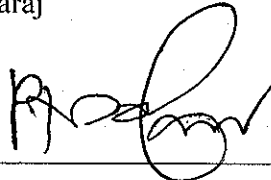
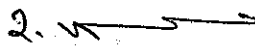
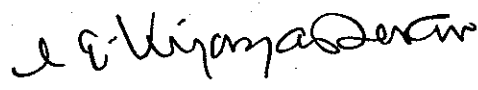
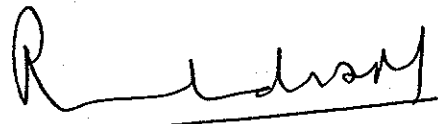


K.P.R. MILL LIMITED

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

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

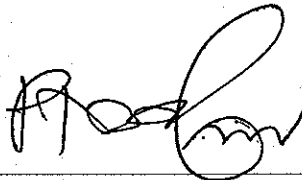
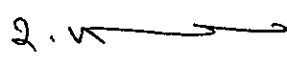

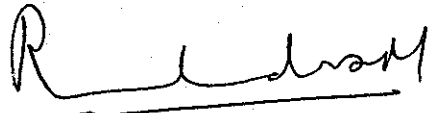
1.	Name of the Company:	K. P. R. Mill Limited
2.	Annual separate financial statements for the year ended	31st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	<input type="checkbox"/> CEO/Managing Director: Sri.P.Nataraj	
	Coimbatore	 22.05.2014
	<input type="checkbox"/> CFO: Sri.PL.Murugappan	
	Coimbatore	 22.05.2014
	<input type="checkbox"/> Audit Committee Chairman: Sri.M.J.Vijayaraaghavan	
	Coimbatore	 22.05.2014
	<input type="checkbox"/> Auditor of the Company:	
	Refer our Audit Report dated 22 nd May 2014 on the separate financial statements of the Company For DELOITTE HASKINS & SELLS Chartered Accountants (Firm Registration No. 008072S)	
	 (M. Ramachandran) (Partner) (Membership No. 16399) Coimbatore, 22 May, 2014	

K.P.R. MILL LIMITED

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

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	K. P. R. Mill Limited
2.	Annual consolidated financial statements for the year ended	31st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	<input type="checkbox"/> CEO/Managing Director: Sri.P.Nataraj	
	Coimbatore	 22.05.2014
	<input type="checkbox"/> CFO: Sri.PL.Murugappan	
	Coimbatore	 22.05.2014
	<input type="checkbox"/> Audit Committee Chairman: Sri.M.J.Vijayaraaghavan	
	Coimbatore	 22.05.2014
	<input type="checkbox"/> Auditor of the Company:	
	Refer our Audit Report dated 22 nd May 2014 on the consolidated financial statements of the Company For DELOITTE HASKINS & SELLS Chartered Accountants (Firm Registration No. 008072S)	
		
	(M. Ramachandran) (Partner) (Membership No. 16399) Coimbatore, 22 May, 2014	



growing with values

11th annual report 2013-14

HIGHLIGHTS 2013-14

(` in Lakhs)

Total Revenue **2,40,206**

PBDIT **45,327**

PBT **19,207**

PAT **14,168**

Cash Profit **29,838**

Assets **2,16,446**

Net worth **81,454**

EPS **37.27**

Cash EPS **79.18**

KPR group embarked on its textile journey in 1984 and then ventured in garment exports in 1989. Today KPR besides being India's leading garment exporter, it is one of the largest vertically integrated textile companies engaged in manufacturing and marketing of readymade knitted garments, knitted fabrics and cotton yarn.

KPR Group has built and continues to build sufficient capacities and capabilities to capture the incremental demand that India's textile companies will see in the next 3-5 years. Company has a cumulative capacity of 3,53,088 spindles to produce 90,000 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 (double shift) and 'State of the Art' Processing facility to process 9,000 MT fabrics per annum; 66 Wind mills with total power generation capacity of 61.92 MW. We have established a Co-gen Cum Sugar manufacturing unit with a capacity of 30 MW and 5,000 TCD respectively through our wholly owned Subsidiary Company.

KRR group is thus 'textile ready' to capitalise on the glory Indian Textile sector will witness in the next Decade.



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CHAIRMAN'S LETTER

Dear Shareholders,

It is with immense pleasure that I present before you, the 11th Annual Report of K.P.R. Mill Limited and share with you performance highlights of the Company in financial year 2013-14 and its plans for the coming years.

This year has witnessed performance par excellence, with total consolidated revenue of ` 2,402 Crores and net profit for the year at ` 141 Crores. All segments have performed well, in volume terms as well as realization terms. Exports contribute roughly 30% of our turnover.

Our Sugar business, which became operational in last financial year, saw its first full year of operations. This business generated healthy revenue and operating margins. Our strategy to build a Co-Gen cum Sugar plant, helped us tide over power shortages. With 62 MW of wind generation & 30 MW of co-gen power generation, we have in-house capabilities to generate green power for our power needs throughout the year. It is gratifying that amidst the peril of global warming we are able to contribute to the National Social cause by sourcing our entire power needs in Green mode.



As we all know, financial year 2014 witnessed events that gave a huge impetus to the Textile Industry in India, particularly the garment segment.

Turnaround in Europe & U.S, increase in Cost of Production and Compliance issues in various competing Countries enabled India a preferred destination for Garments.

Apparel Export Promotion Council data released recently, indicated that India has overtaken Germany and Italy, to claim 2nd rank in world textile exports. With India garment export at USD 15 billion in FY14, Clothing Manufacturers' Association of India (CMAI) expects exports of garments from India is likely to cross US\$ 17 billion mark in FY 2014-15.

To capitalize on these opportunities in garment business, the company has initiated expansion program in garment segment. This expansion will be carried out in two phases and will enhance our capacity by more than 50%.

Your Company continues to focus on quality combined with improved productivity. We continue to strengthen our proposition to our customers, offering them advantages of economies of scale, consistently high quality products at competitive pricing.

I take pride in announcing that making best use of our Higher Education Drive extended by way of adding strengths and value to the employees, many of them proved their outstanding abilities scoring higher marks in the Exams like 10th Standard, 12th Standard, UG and PG, conducted recently.

Good Corporate Governance has always been a cornerstone in the Company and continues to be so as we move ahead into the future.

In FY15, we are confident that as one of the largest vertically integrated textile companies in the country, we will continue to expand our footprint across the global market, achieve better efficiencies and deliver superior value to all our stakeholders.

I am grateful to the Board of Directors for their unwavering support and guidance. I would also like to thank all our stakeholders, who have reposed trust on us and extended their constant support.

I would like to take this opportunity to thank the entire management team for their energy and tireless work throughout the year. Going ahead, we have to work with the same zeal to expand and scale new heights.

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

1st Floor, Srivari Shrimat,
1045, Avinashi Road,
Coimbatore – 641 018.

CHIEF FINANCIAL OFFICER

PL Murugappan

COMPANY SECRETARY

P. Kandaswamy

BANKERS

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

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells,
Chartered Accountants,
41, Shanmuga Manram,
Race Course,
Coimbatore – 641 018.

INTERNAL AUDITORS

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

REGISTRAR AND SHARE TRANSFER AGENTS

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

COMPANY CIN

L17111TZ2003PLC010518



Dear Shareholders,

We are delighted to present the report on our business and operations for the year ended 31st March, 2014.

(` in Lakhs)

FINANCIAL RESULTS	STANDALONE		CONSOLIDATED	
Particulars	2013-14	2012-13	2013-14	2012-13
Sales and Other Income				
Domestic Sales (Net of Excise Duty)	1,50,300	1,18,936	1,65,208	1,19,225
Export Sales	42,851	27,157	65,844	43,368
Other Income	5,800	3,836	9,154	4,447
	1,98,951	1,49,929	2,40,206	1,67,040
Profit before Interest & Depreciation	38,184	36,312	45,327	39,303
Less : Interest	7,234	8,008	10,450	9,803
Depreciation	12,982	14,181	15,670	15,093
Profit Before Tax	17,968	14,123	19,207	14,407
Less : Taxation				
Provision for Current Tax	5,034	2,798	5,313	2,877
Tax relating to earlier years	94	-	87	(11)
Less : MAT Credit Entitlement	-	244	135	262
	5,128	2,554	5,265	2,604
Provision for Deferred Tax Liability	(216)	1,493	(226)	1,502
Profit After Tax	13,056	10,076	14,168	10,301

REVIEW OF OPERATIONS

Growth Momentum continued. Entire segments of Textile Chain progressed well elevating the topline and bottom-line to another milestone. Export targets crossed significantly. However, but for the considerable drop in wind power generation due to evacuation issue vis-a-vis its impact on power cost, the margin would have been much better. Though Textile industry has been subjected to varying degrees of power cuts throughout the year, availing of power from our Co-gen plant has been a 'blessing in disguise' for KPR, more particularly, during peak hour power restrictions. In fact, the strategic investment enables green power availability throughout the year. At Labour front, despite general labour shortage at industry level, our trend setting labour friendly practices minimises its impact on us.

Strong fundamentals co-hered with key strengths and stimulated market conditions upsurged Profitability. Your

Company generated a Cash Profit of ` 260 Crore and Cash EPS of ` 69 as against ` 243 Crore and ` 64 in the previous year.

DIVIDEND

In its Meeting held on 25.10. 2013 Your Board of Directors had declared an interim dividend of 40% on the Equity Shares of the Company. The Board has recommended a final dividend of 30% on Equity Shares, subject to the approval of the Members at the ensuing 11th Annual General Meeting.

EXPANSION

Emergence of India as the Second Largest Textile Exporter in 2013 has geared up the Indian Textile Players to widen their production base. In order to meet the spurt in Garment Export orders, KPR has initiated expansion plans in its Garment Sector. Besides expanding Capacity of its existing Garment facility it adds up another new Garment facility near Tirupur - the Asia's Largest Knitwear Cluster.

Directors' Report

i. Capacity Addition of 10 million Pieces at existing Garment Facility

This shall raise the present capacity of 30 Million pieces to 40 million pieces per annum (single shift). Since major infrastructures are already in place, its operation is expected during the First quarter of FY 2014-15. It would result in creation of direct employment for about 1000 People.

ii. Creation of a New Garment Facility with 12 Million Pieces Capacity

At Thekkalur, near Tirupur, the Asia's Largest Knitwear Cluster, a New Unit with 12 Million Pieces capacity is being set up. Land has been acquired and construction work is commenced. It is expected to become operational during the Fourth quarter of FY 2014-15. It would result in creation of direct employment for about 1200 People.

These capacity additions are expected to enhance the overall Garment operations of KPR by over 50% in two years.

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

In pursuance of Section 149 and other applicable provisions of the Companies Act 2013 & Clause 49 of the Listing Agreement, Independent Directors have to be appointed for a Term. Our Independent Directors were appointed as Directors liable to retire by rotation under the provisions of erstwhile Companies Act 1956. Among the Independent Directors, Dr.K.Sabapathy, Sri.G.P.Muniappan retire at the ensuing Annual General Meeting and re-appointed as Independent Directors of the Company for a period of Five years. In compliance with the said Act, the remaining Independent Directors viz. Sri.M.J.Vijayaaraghavan, Sri.K.N.V.Ramani, Sri.A.M.Palanisamy and Sri.C.Thirumurthy are also re-appointed as Independent Directors for a period of Five years. Sri.Shujaat Khan, Non-Executive Non-Independent Director retire by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

The details of the aforesaid Directors, required to be disclosed under clause 49 of the Listing Agreement, form part of the Notice of the ensuing Annual General Meeting. All the Directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164(2) of the Companies Act, 2013. Your directors recommend their appointment / re-appointment.

SUBSIDIARY COMPANIES

The Company has following four Subsidiary Companies with 100% Beneficial Interest and the Statements pursuant to Section 212 of the Companies Act, 1956 containing details of Subsidiaries forms part of this Annual Report.

1. Quantum Knits Private Limited
2. K.P.R. Sugar Mill Limited
3. Jahnvi Motor Private Limited
4. Galaxy Knits Limited

QUANTUM KNITS PRIVATE LIMITED

The Company made a Turnover of ` 271.46 Crore and a Net Profit of ` 1.93 Crore.

K.P.R. SUGAR MILL LIMITED

In the first full year of operations crushing started during the mid Nov 2013 and is progressing well. Produced 10.80 Crore Units of power, out of which 7.82 Crore units sold and 2.46 Crore units captively consumed. 69,462 Metric Ton of sugar was produced. With the Turnover of ` 331.09 Crore it made a Net profit of ` 6.58 Crore. Though sugar prices were on the declining trend during the year, it has started moving forward now. The expectation of normal monsoon and government measures of providing soft loans as well as export subsidy augur well for the Industry.

JAHNVI MOTOR PRIVATE LIMITED

During the year, the Company was awarded 'Best Dealer of the year 2013' in respect of Sales, Service and Customer satisfaction. It made a Turnover of ` 100 Crore and is optimistic of enhancing its presence further.

GALAXY KNITS LIMITED

The Company has not yet commenced its operation.

CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated Financials also marked a significant increase in its Revenue as well as Profitability.

EMPLOYEE WELFARE

Besides various commendable welfare measures extended to the employees who are considered as valuable assets of the company, one of the pride measures is extension of the higher education to them. So far around 10000 employees have completed their higher education. On an average 2000 employees per year opts for the facility. With pride, we wish to announce that in the recent academic year, considerable

employees have excelled in the public examination by scoring higher marks proving that the education facility offered by us has been fully and effectively utilized for raising the standard of their life vis-à-vis the Society as a whole.

PARTICULARS OF EMPLOYEES

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 217(1)(e) of the Companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are provided in the Annexure to the Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that;

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. The Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

- iii. The Directors have taken proper and sufficient care for the maintenance of adequate record in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have arranged preparation of the accounts for the financial year ended March 31, 2014 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.

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.

AUDITORS REPORT

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

ACKNOWLEDGEMENT

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.

By order of the Board of Directors

Coimbatore
22.05.2014

K.P. Ramasamy
Chairman

Annexure to the Directors' Report

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

A) CONSERVATION OF ENERGY

a) ENERGY CONSERVATION MEASURES TAKEN

1. At Sathyamangalam & Karumathampatti units, through inverters, Pneumafil suction motor pressure is optimised.
2. At Compact spinning unit, besides optimizing suction motor pressure, by varying the motor speed through inverters economised RH could be maintained. Installation of MLSB energy saver facilitated voltage stability.
3. At Melange unit, through inverters constant suction motor pressure is enabled. Conversion of Suction tube & drum and reduction of pneumafil fan size enabled power saving.

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 enabled economised power and fuel consumption vis-a-vis reduction in the cost of production. Total Energy Consumption & Consumption per unit of production are as per Form 'A' below:

FORM A – PARTICULARS IN RESPECT OF ENERGY CONSUMPTION:

I Power and Fuel Consumption

Particulars	Units	2013-14	2012-13
1. Power & Fuel Consumption			
A) Electricity			
i) Connected Load	KVA	33,915	31,925
ii) Purchase of Units	Lakh Units	665	128
iii) Total Amount	` Lakhs	3,857	771
iv) Rate Per Unit (Average)	`	5.80	6.03
v) Demand Charges	` Lakhs	1,002	886
B) Electricity from Third Party			
i) Purchase of Units	Lakh Units	470	279
ii) Total Amount	` Lakhs	5,387	1,995
iii) Rate Per Unit (Average)	`	11.46	7.15
2. Own Generation			
i) Through Diesel Generator			
Units generated	Lakh Units	8	48
Total Amount	` Lakhs	145	662
Cost/Unit	`	18.53	13.68
Units/Litre of Diesel	Units	3.01	3.27
ii) Through Wind Mill			
Units generated	Lakh Units	1,084	1,491
iii) Through Steam Turbine Units			
Coal/Furnace Oil/Others	Units	NIL	NIL
II Consumption per unit of Production			
(a) Production of Yarn	Kgs.	7,05,08,301	6,28,28,194
Electricity (units) per Kg of yarn Production	Units	2.85	2.84
(b) Processed Fabric	Kgs.	79,30,238	64,25,668
Electricity (units) per Kg of Fabric Processed	Units	1.18	1.22

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

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

Further Improvement in Quality of Products, Development of new Products and Designs, Cost control measures, Energy Conservation etc.

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

Sustained quality of products at economized cost.

3. Future Plan of Action:

Continuous focus on innovations in Textile development process & products.

4. Expenditure on R&D : ` 10 Lakhs

5. Technology absorption, adaptation and innovation:

For consistent production of higher quality products, besides State of the Art Machinery, each of our manufacturing facilities is equipped with high-tech quality control equipment and well trained Personnel-ETP at Processing Division has Zero Discharge System.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

` in Lakhs

S.No	Particulars	2013-14	2012-13
1	Foreign Exchange earned through exports amounted to	42,851	27,157
2	Foreign exchange used	35,932	16,003

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Mission of Corporate Governance in an Organisation is to utilize the resources in an effective and efficient manner so as to enhance the value of participation for the Stakeholders. Besides ensuring corporate regulatory compliance and furthering financial performance, Good Corporate Governance generate better investment opportunities and integrate the business and society.

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

BOARD OF DIRECTORS

The Board consists of eminent Professionals from different fraternity empowering the Corporate's strive for sustained better Corporate Governance practices. It comprises Twelve Directors viz., One Executive Chairman, 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 in compliance with the Listing Agreement and the Companies Act 2013.

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

* Excluding Directorship in K.P.R. Mill Limited & its Subsidiaries, Private Limited Companies which are neither a Subsidiary nor a Holding Company of a Public Company, Companies under Section 25 of the Companies Act, 1956, alternate Directorship and Companies incorporated outside India.

** Chairmanship / Membership of Board Committees include Audit Committee and Stakeholders Relationship Committee only but exclude Committees of Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

Their Directorships and Memberships 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 21.05.2013, 14.08.2013, 25.10.2013 and 05.02.2014. 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, financials of Subsidiary Company 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	3	Yes
Sri. P. Nataraj	4	Yes
Sri. Shujaat Khan	3	Yes
Sri. M. J. Vijayaraaghavan	3	Yes
Dr. K. Sabapathy	4	Yes
Sri. G.P. Muniappan	4	Yes
Sri. K.N.V. Ramani	4	No
Sri. A.M. Palanisamy	2	Yes
Sri. A. Sekar	2	Yes
Sri. C.R. Anandakrishnan	4	Yes
Sri. C. Thirumurthy	4	Yes

AUDIT COMMITTEE

The Audit Committee consists of 4 Directors of which 3 are Independent Directors. As its constitution fulfills the requirements of Section 177(2) of the Companies Act 2013 no reconstitution as per Sub Section (3) of the aforesaid section is required.

The terms of reference to the Audit Committee are as per the provisions of Section 177(4) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

During the year under review, the Audit Committee met Five times on 16.05.2013, 07.08.2013, 21.10.2013, 29.11.2013 and 28.01.2014 and the attendance of each Member is furnished as below:

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

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

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

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

To ensure independence and credibility of the Internal Audit process, a qualified Chartered Accountant with rich experience, who is not an employee of the Company, conducts Internal Audit.

NOMINATION AND REMUNERATION COMMITTEE

The Company already has a Remuneration Committee consisting of 4 Non-Executive Directors, of whom 3 are independent. In pursuance of Section 178(1) of the Companies Act, 2013 the said Committee has been reconstituted by the Board, in its meeting held on 22.05.2014, under the name and style as 'Nomination and Remuneration Committee' with the same Members, as it fulfills the criteria prescribed therein. 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 Nomination and Remuneration Committee are as per the provisions of Section 178 of the Companies Act 2013 and Clause 49 of the Listing Agreement which are broadly indicated hereunder.

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

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

(` in lakhs)

Name of the Director	Remuneration during the year 2013-14	Sitting fees for attending meetings of the Board and / or Committee thereof
Sri. K.P. Ramasamy	454.00	Nil
Sri. KPD Sigamani	454.00	Nil
Sri. P. Nataraj	454.00	Nil
Sri. Shujaat Khan	Nil	0.30
Sri. M.J. Vijayaraaghavan	Nil	1.20
Dr. K. Sabapathy	Nil	1.30
Sri. G.P. Muniappan	Nil	0.90
Sri. K.N.V. Ramani	Nil	0.40
Sri. A.M. Palanisamy	Nil	0.20
Sri. A. Sekar	12.00	Nil
Sri.C.R.Anandakrishnan	24.00	Nil
Sri. C. Thirumurthy	Nil	0.40

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company already has an Investor Grievance Committee consisting of 3 Directors of whom 2 are independent and the Chairman is an Independent Non-Executive Director. In pursuance of Section 178(5) of the Companies

Act, 2013 the said Committee has been reconstituted by the Board, in its meeting held on 22.05.2014 under the name and style as 'Stakeholders Relationship Committee' with the same Members as it fulfills the criteria prescribed therein.

The Stakeholder Relationship Committee shall consider and resolve the Grievances of Security holders of the Company.

(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 16.05.2013, 07.08.2013, 21.10.2013 and 28.01.2014 during the Financial Year 2013-14.

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

Nature of complaint/queries received during 2013-14	No. of complaints
1. For non-receipt of dividend, shares lodged for transfer, issue of duplicate share certificates.	9
2. Queries / Complaints redressed	9
3. Pending queries/complaints as on 31.03.2014	Nil

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

As per Clause 47(f) of the Listing Agreement, the Company has designated the following exclusive E-mail ID for the convenience of Investors: investor@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 / CFO CERTIFICATION

The CEO and CFO have furnished a certificate relating to financial statements and internal controls and systems to the Board of Directors as required.

GENERAL BODY MEETING

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

Annual General Meeting	Date	Venue	Time
8 th	28.07.2011	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore-641 018.	11.30 A.M
9 th	29.08.2012	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore-641 018	11.30 A.M
10 th	31.08.2013	Ball Room, Hotel The Residency, Avinashi Road, Coimbatore-641 018	11.30 A.M

POSTAL BALLOTS

During the year ended March 31st, 2014 no Resolution was passed by our Shareholders through a postal ballot.

DISCLOSURE

- None of the transactions with related parties during the year 2013-14 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.
- 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, an Independent Director of the Company will be nominated on its Board. The salient features of the Minutes of Meeting of Board of Directors of the Wholly Owned Subsidiary Companies viz., M/s. Quantum Knits Pvt. Limited, M/s. K.P.R. Sugar Mill Limited, M/s. Jahnvi Motor Private Limited and M/s. Galaxy Knits Limited are placed before the Board of Directors and their attention are drawn to significant transaction and arrangement entered into by the Subsidiary Companies.

5. Directors Responsibility Statement and Management Discussion and Analysis Report along with the Report of the Auditors thereon have been furnished elsewhere in the Annual Report.
6. 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 with their respective Depository Participant.

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

SHAREHOLDERS INFORMATION

Annual General Meeting

Day and Date	Wednesday, 27 th August 2014
Time	11.30 A.M.
Venue	Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore – 641 018.

DATE OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company will remain closed from 21.08.2014 to 27.08.2014 (both days inclusive) for the purpose of Final Dividend and Annual General Meeting of the Company.

SHARE DETAILS

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

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

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

The Annual Listing Fee payable to the Stock Exchanges for the Financial Year 2014-15 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 2014-15 have been paid in full.

As on 31.03.2014, shares representing 97.06 percentage of the total paid up capital of the Company are held in dematerialized form with NSDL and CDSL.

100% Promoter holding is in Demat form.

REGISTRAR AND TRANSFER AGENTS

Karvy Computershare Private Limited,
Unit: KPR MILL LIMITED,
17-24 Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081.
Tel: +91 40 2342 0181, Toll free No: 1800 3454001
Fax: +91 40 2342 0815 - 828,
E-mail: einward.ris@karvy.com

SHARE TRANSFER SYSTEM

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

Similarly, in the case of a purchase, the Broker will arrange to credit the shares in the Demat account of 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 through SMS from the Depository, whenever shares are debited from your DP account. Please ensure from your DP that your order is intact. Please collect a copy of transaction/holding from your DP periodically. Also use the nomination facility available with the Depository and register the nominee.

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

MARKET PRICE DATA

The details of the monthly highest and lowest closing quotations of the Equity Shares of the Company at the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., during the financial year 2013-14 are given below:

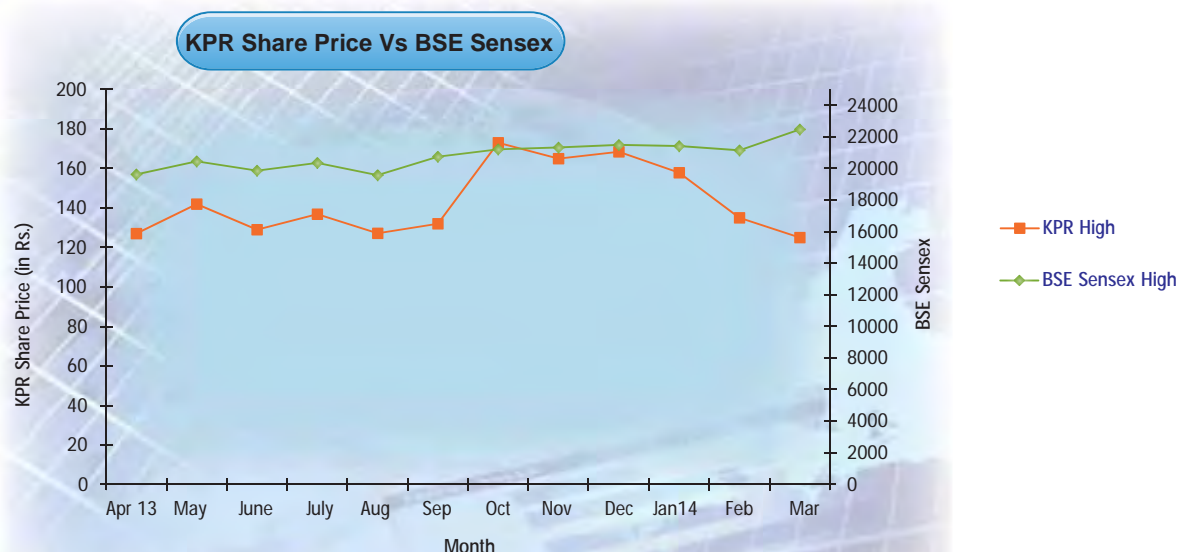
MONTH	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	127.00	106.55	137.00	105.05
May 2013	141.90	116.20	141.90	121.10
June 2013	128.95	114.10	127.95	112.85
July 2013	136.80	117.50	136.50	116.25
August 2013	127.15	114.50	129.05	115.05
September 2013	132.00	116.25	132.00	118.05
October 2013	173.00	123.05	173.30	123.05
November 2013	164.95	140.00	165.65	137.65
December 2013	168.40	149.35	168.85	149.05
January 2014	157.80	127.30	159.45	128.10
February 2014	135.00	112.10	133.00	111.25
March 2014	125.00	104.45	124.95	104.00

DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2014:

Shareholdings	No. of Share holders	% of Share holders	No. of Shares	% to Equity
1 - 500	5107	87.20	519509	1.37
501 - 1000	340	5.81	260504	0.69
1001 - 2000	163	2.78	243441	0.65
2001 - 3000	64	1.09	164672	0.44
3001 - 4000	33	0.56	115077	0.31
4001 - 5000	28	0.48	130001	0.34
5001 - 10000	54	0.92	384223	1.02
10001 & above	68	1.16	35865465	95.18
Total	5857	100.00	37682892	100.00

SHARE HOLDING PATTERN AS ON 31ST MARCH 2014:

Category	Number of Shares Held	% of Holding
Promoters & Promoters Group	2,82,46,725	74.96
Overseas Corporate Bodies	16,11,949	4.28
Mutual Funds	4,00,163	1.06
Banks	30,390	0.08
Foreign Institutional Investors	42,114	0.11
Foreign Venture Capital Investors	25,54,994	6.78
NRIs	93,705	0.25
Bodies Corporate	7,92,861	2.10
Public	39,09,991	10.38
Total	3,76,82,892	100.00



PLANT LOCATION:

LOCATION	TELEPHONE	FACILITIES
Indiampalayam Village, Sathyamangalam-638 454	+ 91 4285 251490	Spinning
S.F.No.273, Kittampalayam, Karumathampatti, Coimbatore-641 659.	+ 91 421 232 1000	Spinning, Compact & Melange
S.F. No.525, Neelambur, Coimbatore-641 062	+ 91 422 262 5115	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 2259200	Garmenting
SIPCOT Industrial Area, Perundurai	+ 91 4294 234800	Processing
270 J, Periyar Colony, Tirupur – 641 652	+ 91 421 2259500	Marketing (Yarn & Fabric)
Tirunelveli, Tenkasi, Theni & Coimbatore District		Windmills

ADDRESS FOR CORRESPONDENCE

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

For your reference the Company's CIN: L17111TZ2003PLC010518

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. In this connection we shall comply with the provisions, if any applicable from time to time.

CAPITAL INTEGRITY AUDIT

The Certificate from a Practising 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 1st, 2013	9	1175
Number of shareholders who approached for Issuer / Registrar for transfer of shares from suspense account during the year 2013-14	-	-
Number of shareholders to whom shares were transferred from suspense account during the year 2013-14	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on March 31st, 2014	9	1175

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

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

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

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 22.05.2014 and the same was approved thereat.

CODE OF CONDUCT AND ETHICS – DECLARATION

"It is hereby declared that the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior Management of the Company and the same has also been posted in the website of the Company and that all the Board Members and Senior Management Personnel to whom this Code of Conduct is applicable have affirmed the compliance of Code of Conduct during the year 2013-14.

Coimbatore
22.05.2014

P. Nataraj
Managing Director

Certificate

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of K. P. R. Mill Limited

We have examined the compliance of conditions of Corporate Governance by K.P.R. MILL LIMITED ("the Company") for the year ended on 31st March 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. 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 and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

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

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

M. Ramachandran
Partner
(Membership No. 16399)

COIMBATORE,
May 22, 2014

CEO/CFO CERTIFICATE

Pursuant to Clause 49(v) of Listing Agreement

In relation to the audited financial accounts of the Company as at 31st March 2014, we hereby certify that:

- (a) We have reviewed financial statements (standalone and consolidated) for the year and that to the best of our knowledge and belief:
 - (i) These statements do not contain any 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 Period which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept that it is our responsibility to establish and maintain internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed 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 period covered by this report.
 - (iii) All significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements.
 - (iv) There were no instances of significant fraud of which we are aware, that involve of the management or an employee who have a significant role in the Company's internal control system.

Coimbatore
22.05.2014

PL Murugappan
Chief Financial Officer

P. Nataraj
Managing Director

Management Discussion & Analysis

Economic Scenario:

The global economy's jagged recovery inched forward in 2013, with fast-growing emerging markets losing pace while developed nations gained strength.

The 2013 performance reflected something of a role reversal among the players. After years of notching far slower growth than many emerging-market counterparts, some leading economies are at last showing strength. The global snapshot also reveals the far-flung effects of monetary policy, as decisions by central bankers in developed nations reverberated through emerging markets.

In 2013, central banks in the U.S., Japan and Europe showered money on their economies, held interest rates low and promised to continue to do so in a bid to animate a recovery that remains tepid almost five years after the worst recession since the Great Depression. In emerging markets such as Brazil and India, domestic demand softened and exports sagged as rates were boosted to stem inflation.

The International Monetary Fund forecasts that world output will grow 3.6% in 2014, compared with a 2.9% estimate for 2013.

However, we are optimistic about our prospects as the Indian economy works towards its recovery and with our wide ranging capabilities; we expect to deliver a strong performance going forward.

India is likely to grow by 5.6% in 2014-15 against a projected growth of less than 5% in the current fiscal. The global economy in 2014 appears to be in a better shape than what it was in 2012 and 2013. The economic growth in FY 2014-15 is likely to be contributed majorly by the industrial sector, which is estimated to grow by 4.1%.

Our Performance:

Strong Support from Domestic Market coupled with increased International demand facilitated a better performance in all areas of operations compared to last year.

Garment sales has grown by 50%; Fabric Sales by 50% and Yarn Sales by 20%. Though the Cotton prices had seen lesser volatility, the cost of labour and power had gone upon account of hike in minimum wages and evacuation issues. The Co-gen Cum Sugar Plant has begun its first full year of operations earning profit. But higher cane prices and mismatched Sugar Prices impacted the margin. The green power support from Sugar unit played a vital role in meeting our Power requirement more particularly during peak hour power restriction. Moreover, it enabled supply of Green energy throughout the year — Wind power season — April to September and Co-gen power season — October to March.

Textile Industry:

The Textile & Clothing trade in the global market is fast changing with the scaling up of uses of textiles in diverse areas.

Asian countries including India play a dominant role in the international trade of the global market. Gradually gaining importance in textile trade due to lower costs compared to African, European and South American countries. However, Asian countries are facing challenges in the global market due to volatility in price, rising input cost, energy crisis and lack of marketing initiative/exposure etc. In addition, initiatives need to be made in the area of Research and Development, Skill Development and Capacity building of the industry as a whole.

As per the Global Textile and Apparel Industry: Vision 2015, World textile and apparel trade is expected to reach US\$805bn by 2015 from US\$650bn in 2010. At present, few countries like Bangladesh, Thailand, Cambodia, Sri Lanka, Pakistan contribute major share in Forex earnings of their country from Textile and Clothing trade, though their share in the world market is not very significant.

The cotton and textiles industry plays vital role in the Indian Economy by way of significant contribution to GDP, manufacturing output, employment generation and export earnings.

India accounts for nearly 22% of the world's installed capacity of spindles and is one of the largest exporters of yarn in international market. It has second highest spindleage in the world after China. Cotton Textile industry is on fast growth track.

According to Annual Report FY 2012-13, Ministry of Textiles, the sector contributes around 14% to the manufacturing output, 2% to the GDP and 11% to the country's merchandise exports.

Industry Outlook:

Cotton:

The outlook on cotton sector is improving driven by better revenue prospects from a rebounding economic growth in key export destinations, stabilizing input costs and continuing favorable policies. China's high cotton cost and rising labour costs have encouraged millers to import cotton yarn, which benefited Indian yarn exporters in the last year. But with the recent changes in the Chinese cotton policy, its impact on the industry is yet to be seen.

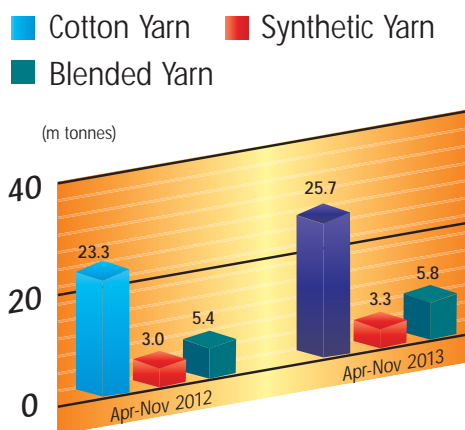
Textiles: yarn & fabric

In the liberalized post-quota period, India has emerged as a major sourcing destination for buyers from all over the globe. As a measure of growing interest in the Indian textiles and clothing sector, a number of reputed houses opened their sourcing / liaison office in India. Commercially, the buoyant retailers across the world are looking for various routes to increase their proportion of sourcing from the Indian markets. Indian manufacturers have very pro-actively worked towards capitalizing on this opportunity.

Management Discussion & Analysis

Production of spun yarn registered increase of about 10% during Apr-Nov 2013 and cloth production which grew by 2% during Apr-Nov 2013 in comparison to the same period of last year, indicate that the textile industry's growth trajectory. This was mainly on the back of Chinese cotton policy and labour issues in neighbouring countries. But with uncertainty in impact of Chinese cotton policy is creating a drag on the sector.

Yarn Production Increases



Source: Ind-Ra, Ministry of Textiles

Garments

India's garment exports grew by 19% in the period July 2012 - July 2013 to reach US \$1.3 billion, mainly on account of increased demand from developed economies such as the US. Source: Apparel Export Promotion Council (AEPC)

With increasing consumerism and rise in disposable income, retail sector has experienced a rapid growth in the past decade with the entry of several international players. The organised apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13% over a 10-year period, mainly driven by India's growing population, changing lifestyles and demand for quality products.

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. Indian textile and apparel industry is expected to reach US\$ 221 billion by 2021, according to Technopak's Textile and Apparel Compendium 2012.

Internal Control System and their Adequacy:

The Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive. Necessary checks and balances are in place to ensure that transactions are adequately authorized and reported correctly. The Internal Auditors of the Company conduct Audits of various departments to ensure that the necessary controls are in place. The Audit Committee of the Board reviews these and the Company, when needed, takes corrective actions.

Human Resource

Textiles is a Labour intensive Industry. We have around 12000 Employees for the group as a whole. Caring their welfare plays a vital role in ensuring smooth and efficient functioning of the organization. Our labour welfare measures have set a precedence in the Industry that has been commended by various Dignitaries and Government Agencies. This Congenial relationship enables only a minimal impact for KPR, though the Industry as a whole faces labour shortage. Employee relations continue to be cordial.

Opportunities & Strengths:

Growth of the Industry will mainly be driven by the following major factors:

Availability of Cotton: India is the second largest producer of cotton and a major net exporter of the same. Other major suppliers such as China, Pakistan and Turkey have higher cotton imports than exports. This puts India at an advantage against other major exporters in terms of raw material availability and cost.

Demand revival in the global economy: With the revival in the economy, purchase of textiles is likely to increase.

Improvement in Domestic consumption: The Indian textile market is estimated to reach USD 223 billion by 2021; currently estimated at USD 89 billion fuelled by factors including rising disposable income, growth in organised retail, increasing brand awareness, rapid urbanisation and increase in working age population.

Cost advantage over China and Pakistan: China is currently reeling under domestic pressures – a) rise in domestic consumption, which is expected to impact its exports, b) power generation problems due to environmental concerns – the textile industry consumes a lot of power, c) rise in labour cost, which is increasing by 15-20% every year in the past few years, and d) currency appreciation, which has made Chinese exports less competitive. Customers are also concerned about the geopolitical situation in Pakistan. These factors have forced importers from China and Pakistan to look at alternative locations such as India.

Weakness & Threats:

While there is a proper structure for risk management, which is regularly implemented across the organization, there are certain regular risks and concerns that surface in the business.

The threats to the Company, closely monitored and addressed, comprise of:

Foreign exchange fluctuation risk: Significant portion of our revenues is sourced from exports, exposing us to foreign exchange risk. We have always taken a conservative stance on it, fully hedge our risk.

Volatile raw material prices : For us, cotton is the utmost crucial raw material. Cotton being commodity, whose supply is dependent on the forces of nature, has been quite volatile in nature. But over the years, we have learned to assess the situation and respond to them. In the recent years, we have also successfully explored into new geographies to source the same high quality cotton, putting us in a better position to mitigate domestic supply constraints.

Rising Competition : Abundant availability of cotton in India and rising domestic consumption, gives an impetus to rising competition in business. We believe competition is healthy and we will continue to adopt new technologies, diversify our product offerings, strengthen marketing network.

Company's Future Outlook:

Taking cues from a reviving global demand & rising domestic consumption, the Company is gearing to optimally capitalize on the opportunity. We are already witnessing a good traction in the garments segment, on the back of global customers shifting orders from the neighboring competing Countries. To keep the momentum going, we are also expanding capacity in our garment business. We believe this segment of our business will drive the margins going forward.

The cotton yarn industry in India, as such is facing uncertainty rising from changed Chinese cotton policy. The demand in export market is sluggish. Nonetheless, we are working towards maintaining our profitability in this segment at our previous levels.

Our sugar business, in the beginning of the year itself, faced pressure from depressed sugar prices due to high inventory in market. Currently, inspite of pricing pressure from global sugar surplus, sugar scenario in the country is expected to improve due to lower cost of opening inventory and better by-product realizations.

Rising global demand, stable cotton prices, improving sugar remunerations, expanding clientele base and diversified product-mix along with, our efforts towards achieving better levels of process & cost efficiencies in our operations, will give a boost to our performance in the years to come.

By Order of the Board

Coimbatore
22.05.2014

K.P. Ramasamy
Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF K. P. R. MILL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of K. P. R. MILL LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

- (a) 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.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
- (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

(M. Ramachandran)
(Partner)
(Membership No. 16399)

COIMBATORE,
May 22, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses (vi), (xii), (xiii), (xviii) to (xx) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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 inventories:
 - (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 explanations 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) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- The Company has granted loans aggregating ` 883 lakhs to two parties (wholly owned subsidiary companies) during the year. At the year-end, the outstanding balance of such loans granted aggregated to ` 268 lakhs (two parties) and the maximum amount involved during the year was ` 2,041 lakhs (two parties).
 - The terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company, except for non-specification of interest rate.
 - As the terms of repayment have not been specified, we are unable to comment on the regularity of repayment of principal amounts.
 - As the terms of repayment of principal have not been specified, we are unable to comment whether there are any overdue principal exceeding ` 1 lakh remaining outstanding as at the year-end and whether the Management has taken reasonable steps for recovery of the principal amounts.
- The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered 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 for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses 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:
- The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - Where each of such transaction is in excess of ` 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 during the year by a 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 and 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 made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
- The Company has been regular in depositing undisputed statutory 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.
 - There were no undisputed amounts payable in respect of 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 in arrears as at 31st March, 2014 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, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (' in lakhs)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), Coimbatore	1997-98, 2001-02, 2004-05, 2008-09 and 2010-11	1,458.11
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Chennai	2009-10	887.37
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal, Chennai	2004-07	27.52
Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal, Chennai	2001-02	2.15
Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal, Chennai	2005-06	3.82

- (x) The Company does not have accumulated losses at the end of the financial year, and the Company has not incurred cash losses during the financial year covered by our audit 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.
- (xii) Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares, securities, and other investments, and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.
- (xiii) In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks are not, *prima facie*, prejudicial to the interests of the Company.
- (xiv) In our opinion, and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xv) In our opinion, and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xvi) 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.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

M. Ramachandran
Partner
(Membership No. 16399)

COIMBATORE,
May 22, 2014

Balance Sheet

Balance Sheet as at 31.03.2014

	Note	As at 31.03.2014	As at 31.03.2013
		(₹ in Lakhs)	
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	5,268	5,268
(b) Reserves and Surplus	4	72,230	62,481
		77,498	67,749
2 Non-Current Liabilities			
(a) Long-Term Borrowings	5	28,972	27,472
(b) Deferred Tax Liabilities (Net)	6	6,011	6,227
(c) Other Long-Term Liabilities	7	2,516	14,710
		37,499	48,409
3 Current Liabilities			
(a) Short-Term Borrowings	8	28,792	22,425
(b) Trade Payables	9	11,816	7,630
(c) Other Current Liabilities	10	11,218	10,736
(d) Short-Term Provisions	11	1,746	1,828
		53,572	42,619
		1,68,569	1,58,777
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	95,688	1,02,970
(ii) Capital Work-in-Progress		598	-
		96,286	1,02,970
(b) Non-Current Investments	13	17,416	7,416
(c) Long-Term Loans and Advances	14	915	2,323
(d) Other Non-Current Assets	15	-	228
		1,14,617	1,12,937
2 Current Assets			
(a) Current Investments	16	-	6,646
(b) Inventories	17	24,122	13,935
(c) Trade Receivables	18	19,204	13,780
(d) Cash and Cash Equivalents	19	4,074	6,225
(e) Short-Term Loans and Advances	20	2,937	4,295
(f) Other Current Assets	21	3,615	959
		53,952	45,840
		1,68,569	1,58,777

Accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

In terms of our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P. Nataraj
Managing Director

M. Ramachandran
Partner

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Coimbatore
22.05.2014

Coimbatore
22.05.2014

Statement of Profit and Loss for the year ended 31.03.2014

Statement of Profit and Loss

	Note	Year Ended 31.03.2014	Year Ended 31.03.2013
		(₹ in Lakhs)	
I. Revenue from Operations (Gross)	22	1,95,975	1,49,302
Less: Excise Duty		-	-
Revenue from Operations (Net)		1,95,975	1,49,302
II. Other Income	23	2,976	627
III. Total Revenue		1,98,951	1,49,929
IV. Expenses			
Cost of Goods Consumed	24	1,30,639	90,568
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(3,299)	(615)
Employee Benefit Expenses	26	10,923	8,638
Finance Costs	27	7,234	8,008
Depreciation and Amortization Expenses	12	12,982	14,181
Other Expenses	28	22,504	15,026
Total Expenses		1,80,983	1,35,806
V. Profit Before Tax		17,968	14,123
VI. Tax Expense			
Current Tax Expense for Current Year		5,034	2,798
Less: MAT Credit Entitlement		-	(244)
Current Tax Expense relating to Prior Years		94	-
Deferred Tax		(216)	1,493
Net Tax Expenses		4,912	4,047
VII. Profit for the Year		13,056	10,076
VIII. Earnings per Equity Share of ₹ 10 each:			
Basic & Diluted (in ₹)		34.32	26.41

Accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

In terms of our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P. Nataraj
Managing Director

M. Ramachandran
Partner

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Coimbatore
22.05.2014

Coimbatore
22.05.2014

Cash Flow Statement

Cash Flow Statement for the Year Ended 31.03.2014

	Year Ended 31.03.2014	Year Ended 31.03.2013
	(` in Lakhs)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	17,968	14,123
Adjustments for:		
Depreciation	12,982	14,181
(Profit) / Loss on Sale / Write-off of Assets	24	22
Finance Costs	7,234	8,008
Interest Income	(463)	(473)
Dividend Income	(116)	(140)
Rental Income from Operating Leases	(32)	(14)
Bad Debts Written-off & Provision for Doubtful Trade and Other Receivables	207	-
Operating Profit Before Working Capital Changes	37,804	35,707
Changes in Working Capital:		
Adjustments For (Increase) / Decrease in Operating Assets:		
Inventories	(10,187)	2,892
Trade Receivables	(5,424)	(2,730)
Bank Balance not Considered as Cash and Cash Equivalents - Margin Deposit Account	2,881	(3,639)
Short-Term Loans and Advances	(282)	(776)
Long-Term Loans and Advances	(110)	(45)
Other Current Assets	(2,922)	3,074
Other Non-Current Assets	21	(54)
Adjustments for Increase / (Decrease) in Operating Liabilities:		
Trade Payables	4,185	4,576
Other Current Liabilities	546	438
Other Long-Term Liabilities	2,500	(2,031)
Cash Generated From Operations	29,012	37,412
Net Income Tax (Paid) / Refunds	(3,910)	(2,488)
Net Cash Flow From / (Used In) Operating Activities	(A) 25,102	34,924
CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure on Fixed Assets, Including Capital Advances	(21,133)	(5,059)
Proceeds from Sale of Fixed Assets	340	303
Purchase of Non-current Investments:		
- Subsidiaries	(10,000)	(4,727)
Loans Given:		
- Subsidiaries	(883)	(1,908)
Loans Realised:		
- Subsidiaries	2,523	-
Interest Received:		
- Subsidiaries	86	69
- Others	643	185
Dividend Received:		
- Subsidiaries	28	-
- Others	88	140
Bank Balance not Considered as Cash and Cash Equivalents - Unpaid Dividend Account	-	(3)
Rental Income Received from Operating Leases	32	14
Net Cash Flow From / (Used In) Investing Activities	(B) (28,276)	(10,986)

Cash Flow Statement for the Year Ended 31.03.2014

Cash Flow Statement

CASH FLOW FROM FINANCING ACTIVITIES

Proceeds From Long-Term Borrowings
 Repayment Long-Term Borrowings
 Repayment of Other Long-Term Loans
 Net Increase / (Decrease) in Working Capital Borrowings
 Finance Costs Paid
 Dividends Paid
 Tax on Dividend Paid

Net Cash Flow From / (Used In) Financing Activities

Net Increase in Cash and Cash Equivalents

Add: Opening Cash and Cash Equivalents

Closing Cash and Cash Equivalents

Reconciliation of Cash and cash equivalents with the Balance Sheet:

Cash and cash equivalents (Refer Note 19)

Less: Bank balances not considered as Cash and cash equivalents as defined in

AS 3 Cash Flow Statements:

(i) In earmarked accounts:

- Unpaid dividend accounts
- Share application money received for allotment of securities and due for refund
- Balances held as margin money or security against borrowings, guarantees and other commitments

Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19

Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note 16 Current investments)

Closing Cash and Cash Equivalents

Closing Cash and Cash Equivalents Comprises:

(a) Cash on Hand

(b) Balance with Banks:

i) In Current Accounts

ii) In EEFC Accounts

iii) In Deposit Accounts

(c) Current investments considered as part of Cash and cash equivalents (Refer Note 16 Current investments)

Accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P. Nataraj
Managing Director

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Coimbatore
22.05.2014

Year Ended
31.03.2014

Year Ended
31.03.2013

(` in Lakhs)

	10,871	681
	(9,008)	(8,855)
	(317)	(228)
	6,367	(908)
	(7,448)	(7,215)
	(2,741)	(3,119)
	(466)	(506)
(C)	(2,742)	(20,150)
(A+B+C)	(5,916)	3,788
	7,868	4,080
	1,952	7,868
	4,074	6,225
	8	8
	2	2
	2,112	4,993
	1,952	1,222
	-	6,646
	1,952	7,868
	174	83
	1,464	901
	281	205
	33	33
	-	6,646
	1,952	7,868

In terms of our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

M. Ramachandran
Partner

Coimbatore
22.05.2014

1 CORPORATE INFORMATION

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 National Stock Exchange (NSE).

2 SIGNIFICANT ACCOUNTING POLICIES**A) BASIS OF ACCOUNTING**

- (i) The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.
- (ii) The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

B) USE OF ESTIMATES

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

C) INVENTORIES

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

include appropriate proportion of overheads and, where applicable, excise duty.

D) CASH FLOW STATEMENT

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

Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

E) DEPRECIATION

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. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

F) REVENUE RECOGNITION

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincide with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Job work income and revenue from sale of windmill power are recognised when services are rendered and related costs are incurred. Dividend Income is recognised when right to receive the income 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) FIXED ASSETS

- i) Fixed assets and intangibles are stated at cost less accumulated depreciation and amortisation respectively. 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. The Company has adopted the provisions of para 46 / 46A of AS 11. The Effects of Changes in Foreign Exchange Rates, and accordingly, exchange differences arising on restatement / settlement of

long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

- ii) Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.
- 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.

H) FOREIGN EXCHANGE TRANSACTIONS

Foreign Currency Transactions are accounted at the exchange rates prevailing 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 historical cost. Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense 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, 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.

I) GOVERNMENT GRANTS

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

J) 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 and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

K) EMPLOYEE BENEFITS

(a) Short Term

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

(b) Long Term Post Retirement

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

i) Provident Fund

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

ii) Gratuity Fund

This is a defined benefit plan. The Company makes annual contribution to a Gratuity Fund administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognised in full in the 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.

iii) Leave encashment

There is no scheme for encashment of unavailed leave.

L) BORROWING COSTS

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

M) SEGMENT REPORTING

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

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

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

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

N) LEASE

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

O) EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

P) TAXATION

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

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

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

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

Q) IMPAIRMENT OF ASSETS

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

R) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

S) 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 sales of manufactured goods.

T) OPERATING CYCLE

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

3 SHARE CAPITAL**Authorised Share Capital**

4,00,00,000 (Pr.Yr. 4,00,00,000) Equity Shares of ₹ 10 each

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

Issued, Subscribed & Paid up Capital

3,76,82,892 (Pr.Yr. 3,76,82,892) Equity Shares of ₹ 10 each, fully paid-up

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

	As at 31.03.2014	As at 31.03.2013
	(₹ in Lakhs)	
	4,000	4,000
	1,500	1,500
	5,500	5,500
	3,768	3,768
	1,500	1,500
	5,268	5,268

- 3.1 Pursuant to the approval of share holders at the Annual General Meeting held on 25.08.2010, the Company allotted 15,00,000 7% redeemable cumulative preference shares to K.P.R.Developers Limited for consideration other than cash.

3.2 Term / Rights to Shares**Equity Shares:**

The Company has issued only one class of equity shares having a face value of ₹ 10 per share. The holder of each equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

During the year, the amount of per share interim dividend paid to equity shareholders was ₹ 4 (31st March 2013: ₹ 3) and per share final dividend recommended for distribution to equity shareholders is ₹ 3 (31st March 2013: ₹ 3).

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

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.

3.3 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period**a. Equity Shares**

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	(₹ in Lakhs)	Number of Shares	(₹ 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

b. 7% Redeemable Cumulative Non-Convertible Preference Shares

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	(₹ in Lakhs)	Number of Shares	(₹ in Lakhs)
At the beginning of the period	15,00,000	1,500	15,00,000	1,500
Changes during the year	-	-	-	-
Outstanding at the end of the period	15,00,000	1,500	15,00,000	1,500

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

a. Equity Shares

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	%	Number of Shares	%
Shri K.P. Ramasamy	81,27,684	21.57	81,27,684	21.57
Shri KPD Sigamani	81,28,634	21.57	81,28,634	21.57
Shri P. Nataraj	81,27,733	21.57	81,27,733	21.57
M/s Ares Investments	25,54,994	6.78	25,54,994	6.78

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

b. 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

Opening Balance

Closing Balance

General Reserve

Opening Balance

Add: Transfer from Surplus in the Statement of Profit and Loss

Closing Balance

Foreign Currency Monetary Item Translation Difference Account

Opening Balance

Add / (Less): Effect of foreign exchange rate variations during the year

Closing Balance

Surplus in Statement of Profit and Loss

Opening Balance

Add: Profit for the year

Less:

Interim Dividend

Dividend proposed to be distributed to equity shareholders (₹ 3 per share)

Dividend proposed to be distributed to preference shareholders (₹ 7 per share)

Tax on Dividend

Transferred to:

General Reserve

Closing Balance

	As at 31.03.2014	As at 31.03.2013
(₹ in Lakhs)		
	15,233	15,233
	15,233	15,233
	16,883	15,875
	1,306	1,008
	18,189	16,883
	104	(837)
	(104)	941
	-	104
	30,261	23,951
	13,056	10,076
	1,507	1,130
	1,130	1,130
	105	105
	461	393
	1,306	1,008
	38,808	30,261
	72,230	62,481

	As at 31.03.2014	As at 31.03.2013
	(₹ in Lakhs)	
5 LONG TERM BORROWINGS		
From Banks (Secured)		
Term Loans	28,875	27,130
From Others (Unsecured)		
Interest Free Sales Tax Loan	97	342
	28,972	27,472
5.1 Term Loans from banks are secured by pari-passu first charge on fixed assets and second charge on current assets of the Company.		
5.2 i) Loan amounting to ₹ 31,652 Lakhs (Pr. Yr. ₹ 23,572 Lakhs) is repayable in 16 quarterly instalments.		
ii) Loan amounting to ₹ 590 Lakhs (Pr. Yr. ₹ 1,120 Lakhs) is repayable in 5 quarterly instalments.		
iii) Loan amounting to ₹ 4,831 Lakhs (Pr. Yr. ₹ 11,451 Lakhs) is repayable in 4 quarterly instalments.		
iv) Loan amounting to ₹ 933 Lakhs (Pr. Yr. ₹ Nil) is repayable in 3 quarterly instalments.		
5.3 Interest rate relating to term loans from banks is in the range of 10.75% to 12.75%.		
5.4 The Company has not defaulted in the repayment of principal and interest during the year.		
5.5 For the current maturities of long-term borrowings, refer Note 10 Other Current Liabilities.		
6 DEFERRED TAX LIABILITIES (NET)		
Tax effect of items constituting deferred tax liabilities:		
i) On difference between book balance and tax balance of fixed assets	6,011	6,227
Tax effect of items constituting deferred tax assets	-	-
Closing Balance	6,011	6,227
Opening Balance	6,227	4,734
Net Deferred Tax Charge / (Credit)	(216)	1,493
7 OTHER LONG TERM LIABILITIES		
Trade advance received from a customer	2,500	-
Payables on Purchase of Fixed Assets	16	14,710
	2,516	14,710
8 SHORT TERM BORROWINGS		
Loans repayable on demand		
From Banks (Secured):		
Loans for Working Capital	6,599	10,218
Packing Credit	7,046	2,611
Others - Acceptances under Buyers Credit	15,147	9,596
	28,792	22,425
8.1 The above loans are secured by first charge on inventories and bookdebts, and second charge on fixed assets to lending banks on pari-passu basis.		
8.2 The Company has not defaulted in its repayments of the loans and interest during the year.		
9 TRADE PAYABLES		
(Refer Note 31)		
Other than Acceptances	11,816	7,630
	11,816	7,630

	As at 31.03.2014	As at 31.03.2013
	(₹ in Lakhs)	
10 OTHER CURRENT LIABILITIES		
Current Maturities of:		
i) Long Term Loans (Refer Note 5.1 to 5.5)	9,131	9,013
ii) Interest Free Sales Tax Loan	225	297
Interest accrued but not due on borrowings	310	420
Advance from Customers	500	136
Other Liabilities #	1,052	870
	11,218	10,736
# Includes (a) Unclaimed dividend of ₹ 9 Lakhs (Pr. Yr. ₹ 8 Lakhs), (b) Share application moneys due for refund of ₹ 2 Lakhs (Pr. Yr. ₹ 2 Lakhs) and (c) Statutory dues of ₹ 1,041 Lakhs (Pr. Yr. ₹ 860 Lakhs).		
11 SHORT TERM PROVISIONS		
Provision for Tax (Net of Advance Tax Paid) *	306	383
Provision for Proposed Preference Dividend	105	105
Provision for Proposed Equity Dividend	1,130	1,130
Provision for Tax on Proposed Dividends	205	210
	1,746	1,828

* Net of Advance Tax paid ₹ 4,729 Lakhs (Pr. Yr. ₹ 2,414 Lakhs).

Notes

Notes forming part of the Financial Statements

12. FIXED ASSETS (₹ in Lakhs)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION AND IMPAIRMENT			NET BLOCK			
	Cost As On 01.04.2013	Additions	Deletions	Cost As On 31.03.2014	Upto 31.03.2013	For the Year	Withdrawn on Deletion	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
Land *	2,894 2,873	1,792 21	3 -	4,683 2,894	- -	- -	- -	- -	4,683 2,894	2,894 2,873
Factory Buildings	19,749 17,310	- 2,439	- -	19,749 19,749	3,097 2,485	651 612	- -	3,748 3,097	16,001 16,652	16,652 14,848
Buildings	6,855 6,593	- 262	- -	6,855 6,855	544 434	112 110	- -	656 544	6,199 6,311	6,311 6,159
Plant & Machinery	87,934 83,236	4,112 5,246	848 548	91,198 87,934	35,870 26,087	8,659 9,783	502 239	44,027 35,870	47,171 52,064	52,064 56,887
Wind Mill	35,549 35,487	- 64	- 2	35,549 35,549	17,069 14,098	2,832 2,971	- -	19,901 17,069	15,648 18,480	18,480 21,389
Electrical Installations	6,152 5,933	22 231	- 12	6,174 6,152	1,903 1,493	448 417	1 7	2,350 1,903	3,824 4,249	4,249 4,440
Furniture & Fixtures	2,727 2,634	86 93	12 -	2,801 2,727	922 751	175 171	1 -	1,096 922	1,705 1,805	1,805 1,883
Computers & Accessories	340 280	15 62	2 2	353 340	226 183	29 44	1 1	254 226	99 114	114 97
Intangible Asset - Software	126 59	17 67	- -	143 126	47 27	23 20	- -	70 47	73 79	79 32
Vehicles	563 545	20 37	14 19	569 563	241 198	53 53	10 10	284 241	285 322	322 347
Total	1,62,889	6,064	879	1,68,074	59,919	12,982	515	72,386	95,688	1,02,970
Previous Year	1,54,950	8,522	583	1,62,889	45,995	14,181	257	59,919	1,02,970	1,08,955

* Includes Leasehold Land - ₹ 318 Lakhs (Pr. Yr. ₹ 318 Lakhs).

Note: Previous year figures are shown in italics.

	As at 31.03.2014	As at 31.03.2013
	(` in Lakhs)	
13 NON CURRENT INVESTMENTS (AT COST)		
In Equity Shares of Subsidiary Companies - Trade, Unquoted, Fully paid-up: 1,00,000 (Pr. Yr. 1,00,000) Shares of ` 10 each in Quantum Knits Pvt. Limited	10	10
In Equity / Preference Shares of Subsidiary Companies - Non-Trade, Unquoted, Fully paid-up:		
50,000 (Pr. Yr. 50,000) Equity Shares of ` 10 each in Galaxy Knits Limited	5	5
15,10,000 (Pr. Yr. 15,10,000) Equity Shares of ` 10 each in Jahnvi Motor Private Limited	151	151
10,50,000 (Pr. Yr. 10,50,000) Equity Shares of ` 10 each at a Premium of ` 140 per share in K. P. R. Sugar Mill Limited	1,575	1,575
37,83,000 (Pr. Yr. 37,83,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of ` 10 each at a Premium of ` 140 per share in K. P. R. Sugar Mill Limited	5,675	5,675
10,00,000 (Pr. Yr. Nil) 7% Redeemable Cumulative Non-Convertible Preference Shares of ` 10 each at a Premium of ` 990 per share in K. P. R. Sugar Mill Limited	10,000	-
	17,416	7,416
14 LONG TERM LOANS AND ADVANCES		
Unsecured and Considered good		
Capital Advances	-	223
Security Deposits	884	774
Deposits with Central Excise & Service Tax	31	31
	915	1,028
MAT Credit Entitlement		
Opening Balance	1,295	1,052
Changes during the year	(1,295)	243
Closing Balance	-	1,295
	915	2,323
15 OTHER NON CURRENT ASSETS		
Unsecured and Considered good		
Long Term Trade Receivables	182	228
Less: Provision for Doubtful Trade Receivables	182	-
	-	228
16 CURRENT INVESTMENTS (At lower of cost and net asset value)		
Investment in Mutual Funds (Unquoted)		
Reliance Mutual Fund *	-	2,325
HDFC Mutual Fund *	-	2,812
ICICI Prudential Mutual Fund *	-	1,509
	-	6,646
* Refer Note 40 for number of units.		
17 INVENTORIES		
Raw Materials	15,208	9,193
Stock-in-process **	1,513	1,041
Finished Goods	5,750	2,923
Stores, Spares, Packing & Others	1,651	778
	24,122	13,935
** Includes Yarn ` 1,280 Lakhs (Pr. Yr. ` 1,029 Lakhs), Fabric ` Nil (Pr. Yr. ` 12 Lakhs) and Garments ` 233 Lakhs (Pr. Yr. ` Nil).		

	As at 31.03.2014	As at 31.03.2013
	(` in Lakhs)	
18 TRADE RECEIVABLES		
Unsecured and Considered good		
Outstanding for more than six months from the payment due date	69	574
Others	19,135	13,206
	19,204	13,780
19 CASH AND CASH EQUIVALENTS		
Cash on Hand	174	83
Balance with Banks:		
i) In Current Accounts	1,464	901
ii) In EEFC Accounts	281	205
iii) In Deposit Accounts #	2,145	5,027
iv) In Earmarked Deposit accounts	10	9
	4,074	6,225
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is ` 1,952 Lakhs (Pr. Yr. ` 1,222 Lakhs).		
# Deposits Accounts include deposits with maturity of more than 12 months of ` 33 Lakhs (Pr. Yr. ` 34 Lakhs) and Margin Deposits of ` 2,112 Lakhs (Pr. Yr. ` 4,993 Lakhs).		
20 SHORT TERM LOANS AND ADVANCES		
Unsecured and Considered good		
Loans and Advances to Related Parties (Refer Note 32.2)	268	2,508
Loans and Advances to Employees	34	44
Balances with Government Authorities:		
i) VAT Credit Receivable	45	79
Advance for Purchase	2,100	1,216
Others (Primarily prepaid expenses)	490	448
	2,937	4,295
21 OTHER CURRENT ASSETS		
Interest accrued on Deposits	11	277
Trade Receivables	1,241	682
Investment Promotion Subsidy Receivables	2,363	-
	3,615	959
	Year Ended 31.03.2014	Year Ended 31.03.2013
	(` in Lakhs)	
22 REVENUE FROM OPERATIONS		
Sale of Products	1,88,067	1,40,144
Sale of Services	5,084	5,949
Other Operating Income	2,824	3,209
	1,95,975	1,49,302
22.1 Sale of Products		
Garment	29,527	8,568
Yarn	1,14,443	96,003
Fabric	35,673	28,684
Cotton Waste	8,424	6,889
	1,88,067	1,40,144

	Year Ended 31.03.2014	Year Ended 31.03.2013
	(` in Lakhs)	
22.2 Sale of Services		
Processing & Fabrication Income	5,084	5,949
	5,084	5,949
22.3 Other Operating Income		
Export Incentives	2,422	1,411
Business Development Income	-	906
Others (Primarily Scrap)	402	892
	2,824	3,209
23 OTHER INCOME		
Interest from:		
Bank Deposits	300	340
Others	163	133
Dividend Income:		
From Current Investments:		
Others	88	140
From Long-Term Investments:		
Subsidiaries	28	-
Investment Promotion Subsidy	2,363	-
Miscellaneous Income	34	14
	2,976	627
24 COST OF GOODS CONSUMED		
a) Opening Stock		
Cotton	8,886	12,606
Dyes & Chemicals	203	126
Yarn, Fabric, Polyester & Garments	104	80
	9,193	12,812
b) Add: Purchases & Production Expenses:		
Cotton	1,13,497	77,049
Dyes & Chemicals	2,128	1,691
Yarn, Fabric, Polyester & Garments	13,312	7,077
Production Expenses	5,045	270
Trims, Packing & Others (Consumption)	2,672	862
	1,36,654	86,949
c) Less : Closing Stock		
Cotton	12,945	8,886
Dyes & Chemicals	288	203
Yarn, Fabric, Polyester & Garments	1,975	104
	15,208	9,193
	1,30,639	90,568
25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
A) OPENING STOCK		
Finished Goods	2,923	2,338
Stock-in-Process	1,041	1,011
	3,964	3,349
B) CLOSING STOCK		
Finished Goods	5,750	2,923
Stock-in-Process	1,513	1,041
	7,263	3,964
	(3,299)	(615)

	Year Ended 31.03.2014	Year Ended 31.03.2013
	(` in Lakhs)	
26 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages & Bonus	9,487	7,469
Contribution to Provident Fund & Other Funds	709	566
Staff Welfare Expenses	727	603
	10,923	8,638
27 FINANCE COSTS		
Interest Expense on		
Term Loans	3,584	4,152
Working Capital Loans	2,490	1,598
Others		
Interest on Delayed / Deferred payment of Income Tax	69	-
Bank Charges	352	366
Net (Gain) / Loss on Foreign Currency Transactions & Translation	739	1,892
	7,234	8,008
28 OTHER EXPENSES		
Manufacturing Expenses		
Power & Fuel	11,802	6,654
Consumption of Stores & Packing Materials	1,706	1,690
Insurance Charges	178	152
Repairs and Maintenance		
Building	272	220
Machinery	4,292	2,856
Others	188	181
Administration Expenses		
Professional Fees	83	73
Rent (Refer Note 38)	67	43
Rates & Taxes	203	100
Payment to Auditor (Refer Note 30)	8	13
Loss on Sale of Fixed Assets (Net)	24	22
Travelling Expenses	155	202
Donations	330	214
Bad Debts Written Off	25	-
Provision for Doubtful Trade and Other Receivables	182	-
General Expenses	150	154
Selling Expenses		
Freight & Forwarding	1,134	969
Sales Commission	1,582	1,343
Other Selling Expenses	123	140
	22,504	15,026

29 Contingent Liabilities and Commitments (to the extent not provided for):

- 29.1 The Company is in receipt of a demand of ` 82 Lakhs (Pr. Yr. ` 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.
- 29.2 The Company has issued Bank Guarantee amounting to ` 164 Lakhs (Pr. Yr. ` 164 Lakhs) in favour of TANGEDCO and Bank Guarantee amounting to ` 5 Lakhs (Pr. Yr. ` 5 Lakhs) in favour of Tamilnadu Pollution Control Board. The Company has issued Corporate Guarantees amounting to ` 15,665 Lakhs (Pr. Yr. ` 15,000 Lakhs) towards working capital facilities availed by the wholly owned subsidiaries from banks.
- 29.3 The Company has an Export obligation of ` 5,101 Lakhs (Pr. Yr. ` 5,013 Lakhs) to be completed upto 2018-19. The duty implication involved is ` 836 Lakhs (Pr. Yr. ` 627 Lakhs).
- 29.4 At the request of the Company, the Bankers have extended Foreign Letter of Credit facility for ` 36 Lakhs (Pr. Yr. ` 3,708 Lakhs) and Inland Letter of Credit facility for ` 873 Lakhs (Pr. Yr. ` Nil) in favour of suppliers.
- 29.5 The Company has discounted sales invoices amounting to ` 4,089 Lakhs (Pr. Yr. ` 7,156 Lakhs) with banks as at the balance sheet date.
- 29.6 The disputed Income Tax demands pending in appeals as at the balance sheet date is ` 2,345 Lakhs (Pr. Yr. ` 2,049 Lakhs). The disputed Central Excise duty demands pending in appeals as at the balance sheet date is ` 6 Lakhs (Pr. Yr. ` 6 Lakhs). The disputed Service Tax demands pending in appeals as at the balance sheet date is ` 28 Lakhs (Pr. Yr. ` 28 Lakhs).
- 29.7 Estimated amount of contracts on capital account remaining to be executed (net of advances) aggregate to ` Nil (Pr. Yr. ` 55 Lakhs).

30 Payment to Auditors:

	(` in Lakhs)	
	2013-14	2012-13
Statutory Audit Fees	8	8
Other Services	-	4
Cost Audit	-	-
Expenses (incl. Service Tax)	-	1
Total	8	13

31 Disclosure with respect to 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 of 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.

32 Related Party Disclosures:

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

32.1 Name of related parties and nature of relationships:

Key Management Personnel	Sri K.P.Ramasamy Sri KPD Sigamani Sri P.Nataraj Sri C.R.Anandakrishnan
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 K.P.R.Charities
Subsidiary Company	M/s Quantum Knits Pvt. Limited M/s K.P.R.Sugar Mill Limited M/s Jahnvi Motor Private Limited M/s Galaxy Knits Limited

32.2 Transactions during the year and the balance outstanding at the balance sheet date:

					(` in Lakhs)
Nature of Transaction	Enterprises owned or significantly influenced by key management personnel / Directors or their relatives	Key Managerial Persons	Relatives to Key Managerial Persons	Subsidiary Company	Total as on 31/03/2014
Purchase of Goods / Asset	-	1,521	4	5,685	7,210
	-	-	-	(640)	(640)
Sales of Goods	-	-	-	18,171	18,171
	-	-	-	(7,576)	(7,576)
Lease Rent Paid	-	1	-	-	1
	-	(1)	-	-	(1)
Lease Rent Received	-	-	-	18	18
	-	-	-	-	-
Remuneration / Salary	-	1,386	24	-	1,410
	-	(1,125)	(29)	-	(1,154)
Processing / Service Charges income	-	-	-	812	812
	-	-	-	(2,558)	(2,558)
Processing / Service Charges Expenses	-	-	-	4,297	4,297
	-	-	-	(1)	(1)
Interest Receipts	-	-	-	86	86
	-	-	-	(69)	(69)
Donation	300	-	-	-	300
	(200)	-	-	-	(200)
Investments	-	-	-	17,416	17,416
	-	-	-	(7,416)	(7,416)
Loans & Advances	-	-	-	268	268
	-	-	-	(1,908)	(1,908)
Amount Receivable	-	-	-	-	-
	-	-	-	(1,670)	(1,670)
Land Advance	-	-	-	-	-
	-	(600)	-	-	(600)
Amount Payable	-	800	1	4,147	4,948
	-	(707)	(1)	(63)	(771)

(Previous year figures are shown in brackets)

32.3 Details of major transactions with related parties

a. Purchase of Goods / Assets (₹ in Lakhs)		
Name	2013-14	2012-13
Sri K.P.Ramasamy	507	-
Sri KPD Sigamani	507	-
Sri P.Nataraj	507	-
Sri K.P.Murugasamy	4	-
M/s.K.P.R.Sugar Mill Limited	5,250	639
M/s.Quantum Knits Pvt Limited	435	1
Total	7,210	640

b. Sale of Goods (₹ in Lakhs)		
Name	2013-14	2012-13
M/s.Quantum Knits Pvt Limited	18,136	7,518
M/s.K.P.R.Sugar Mill Limited	35	58
Total	18,171	7,576

c. Processing / Service Charges Income (₹ in Lakhs)		
Name	2013-14	2012-13
M/s.Quantum Knits Pvt Limited	812	2,558
Total	812	2,558

d. Processing / Service Charges Expenses (₹ in Lakhs)		
Name	2013-14	2012-13
M/s.Quantum Knits Pvt Limited	392	1
M/s K.P.R.Sugar Mill Limited	3,905	-
Total	4,297	1

e. Interest Receipts (₹ in Lakhs)		
Name	2013-14	2012-13
M/s.K.P.R.Sugar Mill Limited	86	69
Total	86	69

f. Donations (₹ in Lakhs)		
Name	2013-14	2012-13
M/s.K.P.R.Charities	300	200
Total	300	200

g. Lease Rent Paid (₹ in Lakhs)		
Name	2013-14	2012-13
Sri K.P.Ramasamy	0.27	0.27
Sri KPD Sigamani	0.26	0.27
Sri P.Nataraj	0.26	0.26
Total	0.79	0.80

h. Lease Rent Received (₹ in Lakhs)		
Name	2013-14	2012-13
M/s.K.P.R.Sugar Mill Limited	18	-
Total	18	-

i. Remuneration / Salary (₹ in Lakhs)		
Name	2013-14	2012-13
Sri K.P.Ramasamy	454	367
Sri KPD Sigamani	454	367
Sri P.Nataraj	454	367
Sri C.R.Anandakrishnan	24	24
Total	1,386	1,125

j. Land Advance (₹ in Lakhs)		
Name	2013-14	2012-13
Sri K.P.Ramasamy	-	200
Sri KPD Sigamani	-	200
Sri P.Nataraj	-	200
Total	-	600

k. Amount Payable (₹ in Lakhs)		
Name	2013-14	2012-13
Sri K.P.Ramasamy	266	235
Sri KPD Sigamani	266	239
Sri P.Nataraj	266	232
Sri C.R.Anandakrishnan	2	2
M/s.Quantum Knits Pvt Limited	304	-
M/s.K.P.R.Sugar Mill Limited	3,843	-
Total	4,947	708

l. Amount Receivable (₹ in Lakhs)		
Name	2013-14	2012-13
M/s.Quantum Knits Pvt Limited	-	1,670
Total	-	1,670

m. Loans & Advances (₹ in Lakhs)		
Name	2013-14	2012-13
M/s.K.P.R.Sugar Mill Limited	41	1,764
M/s.Jahnvi Motor Private Limited	227	144
Total	268	1,908

n. Investments (₹ in Lakhs)		
Name	2013-14	2012-13
M/s.K.P.R.Sugar Mill Limited	17,250	7,250
M/s.Jahnvi Motor Private Limited	151	151
Total	17,401	7,401

33 Expenditure in Foreign Currency and CIF Value of Imports:

(₹ in Lakhs)		
Particulars	2013-14	2012-13
(a) Expenditure in Foreign Currency:		
Travel, sales commission etc.,	353	188
Interest	326	1,296
Professional Fees	2	5
(b) Value of imports on CIF basis:		
Raw Material	16,446	14,023
Stores and Spare parts	507	309
Machinery	18,298	183
Total	35,932	16,004

34 Earnings in Foreign Currency:

(₹ in Lakhs)		
Particulars	2013-14	2012-13
Export of Goods on FOB basis	42,851	27,157
Total	42,851	27,157

35 Amounts Remitted in Foreign Currency as Dividends:

Particulars	2013-14	2012-13
On account of Dividends (₹ in Lakhs)	77	55
Number of Non-Resident Share Holders	1	1
Number of Shares held by Non-Resident Shareholders on which Dividends are due	11,06,784	11,06,784
The year to which dividends relates	2012-13 & 2013-14	2011-12 & 2012-13

36 Earnings Per Share (EPS):

	(₹ in Lakhs)	
Particulars	2013-14	2012-13
Profit / (loss) for the year	13,056	10,076
Less: Preference Dividend and Tax thereon	123	123
Profit / (loss) for the year attributable to the equity shareholders	12,933	9,953
Weighted average number of Shares	3,76,82,892	3,76,82,892
Face Value Per Share (₹)	10.00	10.00
Earnings Per Share (₹) - Basic & Diluted	34.32	26.41

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 operates in only one business segment, viz., Textiles. The Company operates in Domestic and Export segments geographically. The disclosures relating to secondary geographical segment is as follows:

37.1 Segment Revenue by Geographic Location of Customers

	(₹ in Lakhs)	
	2013-14	2012-13
India	1,45,216	1,12,987
Asia	26,003	16,176
Europe	16,313	10,043
Others	535	938
Total	1,88,067	1,40,144

37.2 Segment Assets by Geographic Location of Assets

	(₹ in Lakhs)	
	2013-14	2012-13
India	1,63,901	1,55,360
Asia	312	454
Europe	4,313	2,440
Others	43	523
Total	1,68,569	1,58,777

37.3 Capital Expenditure

	(₹ in Lakhs)	
	2013-14	2012-13
Outside India	-	-
India	6,064	8,522
Total	6,064	8,522

38 Operating Lease Disclosure:

During the year, the Company has taken Office space on lease for a period of 9 years with option to renew and with escalation in rent once in three years with lock-in period of three years. Lease rent for the year ended 31st March 2014 amounted to ₹ 50 Lakhs.

Particulars	(` in Lakhs)	
	2013-14	2012-13
Minimum lease payments not later than one year	50	50
Later than one year but not later than five years	169	224
More than five years	211	206

39 Disclosure of Employee Benefits:**39.1 Defined Contribution Plans**

	(` in Lakhs)	
	2013-14	2012-13
Provident Fund	673	526
Employee State Insurance	305	205

39.2 Defined Benefit Plan - Gratuity

	(` in Lakhs)	
	2013-14	2012-13
A Change in Present Value of Obligation		
PV of obligation as at the beginning of the year	100	89
Current Service Cost	22	22
Interest Cost	8	7
Actuarial (gain) / Loss on obligation	(4)	(18)
PV of obligation as at the end of the year	126	100
B Change in Fair Value of Plan Assets		
FV of Plan Asset as at the beginning of the year	117	87
Expected return on Plan Assets	8	8
Actuarial gain / (loss)	0	0
Contributions by the employer	14	22
FV of Plan Asset as at the end of the year	139	117
C Net Asset/(Liability) recognized in the Balance Sheet		
PV of obligation as at end of the year	126	100
FV of Plan Asset as at end of the year	139	117
Funded Status [Surplus/(Deficit)]	13	17
D Expense recognized in the Statement of Profit and Loss		
Current Service Cost	22	22
Interest Cost	8	7
Expected return on Plan Assets	(8)	(8)
Actuarial (gains) / Losses	(4)	(18)
Expense recognised in the Statement of Profit and Loss	18	3
E Composition of Plan Assets		
Government securities	57	48
Debentures and bonds	52	44
Fixed deposits	21	17
Others	9	8
F Actuarial Assumptions		
Discount Rate (per annum)	8.00%	8.05%
Rate of increase in compensation levels (per annum)	7.00%	7.00%
Rate of return on plan assets (per annum)	8.00%	8.00%
Expected average remaining working lives of employees (years)	28.18	29.76

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 Details of Current Investments

(₹ in Lakhs)

Particulars	2013-14		2012-13	
	Units	Amount	Units	Amount
Reliance Mutual Fund	-	-	1,51,955	2,325
HDFC Mutual Fund	-	-	2,64,40,953	2,812
ICICI Mutual Fund	-	-	15,07,156	1,509
Total		-		6,646

41 Captive consumption of windmill power: The power cost is net value of captively consumed units.

42 The Company exercised the option provided by The Government of India, Ministry of Corporate Affairs vide Notification No.G.S.R.913 (E) dated 29th December, 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 ₹ Nil as at 31st March, 2014. (Previous Year Ended 31st March, 2013 - Net gain of ₹ 104 Lakhs).

43 Disclosure as per Clause 32 of the Listing Agreements - Investments:

Name of the Company	2013-14		2012-13	
	(₹ in Lakhs)		(₹ in Lakhs)	
M/s.Quantum Knits Pvt Limited	10		10	
M/s.K.P.R.Sugar Mill Limited	17,250		7,250	
M/s.Jahnvi Motor Private Limited	151		151	
M/s.Galaxy Knits Limited	5		5	
Total	17,416		7,416	

44 Disclosure as per Clause 32 of the Listing Agreements - Loans & Advances:

Name of the Company	As at 31.03.2014				As at 31.03.2013		Maximum outstanding during the year 2012-13	
	(₹ in Lakhs)				(₹ in Lakhs)		(₹ in Lakhs)	
M/s.K.P.R.Sugar Mill Limited	41		1,814		1,764		1,764	
M/s.Jahnvi Motor Private Limited	227		227		144		144	
Total	268		2,041		1,908		1,908	

45 Details of hedged and unhedged foreign currency exposures:

(i) Outstanding forward exchange contracts for hedging purposes as on 31st March, 2014:

Currency	Cross Currency	Amount (₹ in Lakhs)	Buy / Sell
\$	Rupees	14,431.64 (Nil)	Buy —
\$	Rupees	2,963.19 (90.65)	Sell Sell
€	Rupees	4,165.51 (42.86)	Sell Sell
£	Rupees	3,056.07 (30.56)	Sell Sell

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

As at 31st March, 2014		As at 31st March, 2013	
Receivables / (Payables)		Receivables / (Payables)	
₹ in Lakhs	FC in Lakhs	₹ in Lakhs	FC in Lakhs
(34.68)	(€ 0.42)	(10,437.90)	(\$191.91)
		(8,238.74)	(€ 118.47)
		(5,495.78)	(CHF 96.30)

Note: Figures in brackets relates to the previous year

46 Particulars of Raw Materials Consumed - Cotton:

Particulars	2013-14			2012-13		
	Quantity in Kgs	₹ in Lakhs	%	Quantity in Kgs	₹ in Lakhs	%
Import	2,21,85,119	28,000	26	2,16,18,989	21,919	27
Domestic	6,51,82,123	81,438	74	5,59,11,668	58,850	73
Total	8,73,67,242	1,09,438	100	7,75,30,657	80,769	100

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

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF K.P.R. MILL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **K.P.R. MILL LIMITED** (the 'Company') and its subsidiaries (the Company and its subsidiaries constitute 'the Group'), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the

reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (b) 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
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets (net) of ₹ 62,664 lakhs as at 31st March, 2014, total revenues of ₹ 43,144 lakhs and net cash inflows amounting to ₹ 11,217 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 008072S)

(M. Ramachandran)
(Partner)
(Membership No. 16399)

COIMBATORE,
May 22, 2014

	Note	As at 31.03.2014	As at 31.03.2013
(` in Lakhs)			
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	5,268	5,268
(b) Reserves and Surplus	4	76,186	65,358
		81,454	70,626
2 Non-Current Liabilities			
(a) Long-Term Borrowings	5	47,426	48,993
(b) Deferred Tax Liabilities (Net)	6	6,012	6,238
(c) Other Long - Term Liabilities	7	16	14,710
		53,454	69,941
3 Current Liabilities			
(a) Short-Term Borrowings	8	37,315	41,192
(b) Trade Payables	9	27,969	11,410
(c) Other Current Liabilities	10	14,400	13,996
(d) Short-Term Provisions	11	1,854	1,837
		81,538	68,435
		2,16,446	2,09,002
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	1,25,516	1,33,848
(ii) Capital Work-in-Progress		598	-
		1,26,114	1,33,848
(b) Goodwill on Consolidation		70	70
(c) Long-Term Loans and Advances	13	1,070	2,983
(d) Other Non-Current Assets	14	-	229
		1,27,254	1,37,130
2 Current Assets			
(a) Current Investments	15	6,269	6,646
(b) Inventories	16	40,534	35,757
(c) Trade Receivables	17	23,801	15,879
(d) Cash and Cash Equivalents	18	9,916	7,605
(e) Short-Term Loans and Advances	19	4,005	4,059
(f) Other Current Assets	20	4,667	1,926
		89,192	71,872
		2,16,446	2,09,002

Accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

In terms of our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P. Nataraj
Managing Director

M. Ramachandran
Partner

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Coimbatore
22.05.2014

Coimbatore
22.05.2014

	Note	Year Ended 31.03.2014	Year Ended 31.03.2013
		(₹ in Lakhs)	
I. Revenue from Operations (Gross)	21	2,38,121	1,66,761
Less: Excise Duty		1,019	294
Revenue from Operations (Net)		2,37,102	1,66,467
II. Other Income	22	3,104	573
III. Total Revenue		2,40,206	1,67,040
IV. Expenses			
Cost of Goods Consumed	23	1,50,679	1,14,313
Purchase of Stock-in-Trade		8,176	3,542
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	24	(185)	(18,476)
Employee Benefit Expenses	25	15,098	11,665
Finance Costs	26	10,450	9,803
Depreciation and Amortization Expenses	12	15,670	15,093
Other Expenses	27	21,111	16,693
Total Expenses		2,20,999	1,52,633
V. Profit Before Tax		19,207	14,407
VI. Tax Expense			
Current Tax Expense for Current Year		5,313	2,877
Less: MAT Credit Entitlement		(135)	(263)
Current Tax Expense relating to Prior Years		87	(12)
Deferred Tax Expense / (Credit)		(226)	1,504
Net Tax Expense		5,039	4,106
VII. Profit for the Year		14,168	10,301
VIII. Earnings per equity share of ₹ 10 each Basic & Diluted (in ₹)		3727	2701

Accompanying notes forming part of the consolidated financial statements.

For and on behalf of the Board of Directors

In terms of our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P. Nataraj
Managing Director

M. Ramachandran
Partner

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Coimbatore
22.05.2014

Coimbatore
22.05.2014

	Year Ended 31.03.2014	Year Ended 31.03.2013
	(` in Lakhs)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	19,207	14,407
Adjustments for:		
Depreciation	15,670	15,093
(Profit) / Loss on Sale / Write-off of Assets	30	22
Finance Costs	10,450	9,803
Interest Income	(591)	(415)
Dividend Income	(116)	(140)
Rental Income from Operating Leases	(32)	(14)
Bad Debts Written-off & Provision for Doubtful Trade and Other Receivables	207	-
Operating Profit before Working Capital Changes	44,825	38,756
Changes in Working Capital:		
Adjustments for (Increase) / Decrease in Operating Assets:		
Inventories	(4,777)	(17,104)
Trade Receivables	(7,922)	(2,180)
Bank Balance not considered as Cash and Cash Equivalents - Margin Deposit Accounts	3,035	(3,691)
Short-Term Loans and Advances	54	(2,086)
Long-Term Loans and Advances	489	(641)
Other Current Assets	(2,997)	3,376
Other Non-Current Assets	22	(55)
Adjustments for Increase / (Decrease) in Operating Liabilities:		
Trade Payables	16,558	7,660
Other Current Liabilities	33	1,995
Other Long-Term Liabilities	-	(2,031)
Cash Generated from Operations	49,320	23,999
Net Income Tax (Paid) / Refunds	(4,117)	(2,546)
Net Cash Flow From / (Used In) Operating Activities	(A) 45,203	21,453
CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure on Fixed Assets, Including Capital Advances	(22,764)	(25,649)
Proceeds from Sale of Fixed Assets	368	303
Dividend Received	116	140
Interest Received	847	205
Bank Balance not Considered as Cash and Cash Equivalents - Unpaid Dividend Account	-	(3)
Rental Income Received from Operating Leases	32	14
Net Cash Flow From / (Used In) Investing Activities	(B) (21,401)	(24,990)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Borrowings	10,526	16,866
Repayment of Long-Term Borrowings	(11,267)	(8,855)
Net Increase / (Decrease) in Working Capital Borrowings	(3,877)	12,615
Finance Costs Paid	(11,009)	(8,831)
Dividends Paid	(2,741)	(3,119)
Tax on Dividend Paid	(466)	(506)
Net Cash Flow From / (Used In) Financing Activities	(C) (18,834)	8,170

**Consolidated Cash Flow Statement
for the Year Ended 31.03.2014**

Consolidated Cash Flow Statement

	Year Ended 31.03.2014	Year Ended 31.03.2013
	(₹ in Lakhs)	
Net Increase / (Decrease) in Cash and Cash Equivalents	(A+B+C) 4,968	4,633
Add: Opening Cash and Cash Equivalents	9,095	4,462
Closing Cash and Cash Equivalents	14,063	9,095
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash and cash equivalents (Refer Note 18)	9,916	7,605
Less: Bank balances not considered as Cash and Cash Equivalents as defined in AS 3 Cash Flow Statements		
(i) In earmarked accounts		
- Unpaid dividend accounts	8	8
- Share application money received for allotment of securities and due for refund	2	2
- Balances held as margin money or security against borrowings, guarantees and other commitments	2,112	5,146
Net Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statements) included in Note 18	7,794	2,449
Add: Current Investments considered as part of Cash and Cash Equivalents as defined in AS 3 Cash Flow Statements (Refer Note 15 - Current Investments)	6,269	6,646
Closing Cash and Cash Equivalents	14,063	9,095
Closing Cash and Cash Equivalents comprises:		
(a) Cash on Hand	222	277
(b) Balance with Banks:		
i) In Current Accounts	3,766	1,933
ii) In EEFC Accounts	567	205
iii) In Deposit Accounts	3,239	34
(c) Current Investments considered as part of Cash and Cash Equivalents (Refer Note 15 Current investments)	6,269	6,646
	14,063	9,095

Accompanying notes forming part of the consolidated financial statements.

For and on behalf of the Board of Directors

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P. Nataraj
Managing Director

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Coimbatore
22.05.2014

In terms of our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

M. Ramachandran
Partner

Coimbatore
22.05.2014

1 CORPORATE INFORMATION

- a) 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.
- b) K.P.R.Sugar Mill Limited is the Wholly owned Subsidiary Company of K.P.R.Mill Limited. Plant is located at Almel Village, Bijapur District, Karnataka State. It produces Sugar along with Green Energy viz., Co-Gen Power. The Company also has Garment manufacturing facility at Arasur, which commenced operations from November 2013.
- c) Jahnvi Motor Private Limited is the Wholly owned Subsidiary Company of K.P.R.Mill Limited. The Company is the authorised dealers for AUDI cars in Coimbatore.

K.P.R.Mill Limited's shares are listed in Bombay Stock Exchange (BSE) and 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, K.P.R.Sugar Mill Limited, Galaxy Knits Limited and Jahnvi Motor Private 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, 2014.
- (ii) The financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention.
- (iii) The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

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 companies have been combined on a line-by-line basis in accordance with the principles laid down in Accounting Standard-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 considered in the consolidated financial statements:

Sl. No.	Name of Subsidiary Company	Country of Incorporation	% of holding as at 31st March, 2014	% of holding as at 31st March, 2013	Date of Incorporation / Acquisition
1	M/s QUANTUM KNITS PVT. LIMITED	India	100	100	03.06.2009
2	M/s K.P.R.SUGAR MILL LIMITED	India	100	100	27.06.2011
3	M/s GALAXY KNITS LIMITED	India	100	100	24.07.2012
4	M/s JAHNVI MOTOR PRIVATE LIMITED	India	100	100	30.10.2012

- (iv) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.

D) USE OF ESTIMATES

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

E) 1) INVENTORIES - TEXTILE

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

2) INVENTORIES - SUGAR

- i) Finished goods are valued at cost or net realisable value whichever is lower. The cost for the finished goods is inclusive of cost of purchase, cost of conversion, excise duty, cess, if any, and other costs incurred in bringing the inventories to their present location and condition.
- ii) Stock-in-process, Stores, Spares, Consumables, Packing and Other Materials are valued at lower of Cost or Net Realizable Value.
- iii) Waste and Scrap are valued at Net Realizable Value.

F) CASH FLOW STATEMENT

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

Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

G) DEPRECIATION

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. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

H) REVENUE RECOGNITION

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the

buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Job work income and Revenue from sale of windmill power when services are rendered and related costs are incurred.

I) OTHER INCOME

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.

J) FIXED ASSETS

- i) Fixed assets and intangibles are stated at cost less accumulated depreciation and amortisation respectively. 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. The Company has adopted the provisions of para 46 / 46A of AS 11. The Effects of Changes in Foreign Exchange Rates, and accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.
- ii) Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.
- 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.

K) FOREIGN EXCHANGE TRANSACTIONS

Foreign Currency Transactions are accounted at the exchange rates prevailing 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 historical cost. Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated 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, 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 31st March, 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.

The Company as enters into forward contracts which are designated as hedge of highly probable forecast transaction. The Gain/Losses of forward contracts designated as highly probable forecast transactions are recognized in the Statement of Profit and Loss in the period in which the forecasted transaction are expected to occur.

L) GRANTS

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

M) INVESTMENTS

Long-term investments (excluding investment properties) and short term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of

such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

N) EMPLOYEE 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 Consolidated Statement of Profit and Loss. The Company has no further obligations for future provident fund benefits other than monthly contributions.

2. Gratuity Fund

This is a defined benefit plan for K.P.R.Mill Limited and Quantum Knits Pvt. Limited 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. For K.P.R.Sugar Mill Limited and Jahnvi Motor Private Limited, the Company has made provision in the books.

3. Leave encashment

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

O) BORROWING COSTS

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

Consequent to the General Circular 25 / 2012 dated 9th August 2012 of the MCA, para 4(e) of AS 16 Borrowing Costs and para 6 of AS 11. The Effects of Changes in Foreign Exchange Rates shall not apply to a Company which is applying para 46A of AS 11. Accordingly, for purposes of accounting as per para 46A of AS 11 all exchange differences arising out of long-term monetary assets and liabilities should be considered and there is no need to apply the provisions of para 4(e) of AS 16 on such exchange differences.

P) SEGMENT REPORTING

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

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

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

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

Q) LEASE

Where the Group as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Group in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis.

R) EARNINGS PER SHARE (EPS)

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity

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

S) TAXATION

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

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

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

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

T) IMPAIRMENT OF ASSETS

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

U) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their

present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

V) i) EXCISE DUTY - TEXTILE

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 sales of manufactured goods.

ii) EXCISE DUTY - SUGAR

The Excise Duty on sale of finished goods is deducted from turnover to arrive at net sales as shown in the statement of profit and loss. The Excise Duty appearing in the statement of profit and loss as an expenditure represents excise duty provision for closing stock of finished goods.

W) OPERATING CYCLE

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

3 SHARE CAPITAL

Authorised Share Capital

4,00,00,000 (Pr.Yr. 4,00,00,000) Equity Shares of ₹ 10 each

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

Issued, Subscribed & Paid up Capital

3,76,82,892 (Pr.Yr. 3,76,82,892) Equity Shares of ₹ 10 each, fully paid-up

15,00,000 (Pr.Yr.15,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100 each, fully paid-up

As at 31.03.2014	As at 31.03.2013
(₹ in Lakhs)	
4,000	4,000
1,500	1,500
5,500	5,500
3,768	3,768
1,500	1,500
5,268	5,268

3.1 Pursuant to the approval of share holders at the Annual General Meeting held on 25.08.2010, the Company allotted 15,00,000 7% redeemable cumulative preference shares to K.P.R Developers Limited for consideration other than cash.

3.2 Term / Rights to Shares

Equity Shares:

The Company has issued only one class of equity shares having a face value of ₹ 10 per share. The holder of each equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

During the year, the amount of per share interim dividend paid to equity shareholders was ₹ 4 (31st March 2013: ₹ 3) and per share final dividend recommended for distribution to equity shareholders is ₹ 3 (31st March 2013: ₹ 3).

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

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.

3.3 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

a. Equity Shares

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	(₹ in Lakhs)	Number of Shares	(₹ 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

b. 7% Redeemable Cumulative Non-Convertible Preference Shares

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	(₹ in Lakhs)	Number of Shares	(₹ in Lakhs)
At the beginning of the period	15,00,000	1,500	15,00,000	1,500
Changes during the year	-	-	-	-
Outstanding at the end of the period	15,00,000	1,500	15,00,000	1,500

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

a. Equity Shares

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	%	Number of Shares	%
Shri K.P.Ramasamy	81,27,684	21.57	81,27,684	21.57
Shri KPD Sigamani	81,28,634	21.57	81,28,634	21.57
Shri P.Nataraj	81,27,733	21.57	81,27,733	21.57
M/s Ares Investments	25,54,994	6.78	25,54,994	6.78

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

b. 7% Redeemable Cumulative Non-Convertible Preference Shares

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	%	Number of Shares	%
M/s K.P.R. Developers Limited	15,00,000	100	15,00,000	100

	As at 31.03.2014	As at 31.03.2013
	(` in Lakhs)	
4 RESERVES AND SURPLUS		
Capital Reserve		
Opening Balance	293	-
Add: Additions during the year	-	293
Closing Balance	293	293
Securities Premium Account		
Opening Balance	19,096	19,096
Closing Balance	19,096	19,096
General Reserve		
Opening Balance	16,885	15,877
Add: Transfer from Surplus in the Statement of Profit and Loss	1,306	1,008
Closing Balance	18,191	16,885
Foreign Currency Monetary Item Translation Difference Account		
Opening Balance	104	(837)
Add / (Less): Effect of foreign exchange rate variations during the year	(104)	941
Closing Balance	-	104
Surplus in Statement of Profit and Loss		
Opening Balance	28,980	22,553
Add: Profit for the year	14,168	10,301
Loss Transfer from Jahnvi Motor Private Limited	-	(108)
Less:		
Interim Dividend	1,507	1,130
Dividends proposed to be distributed to equity shareholders (` 3 per share)	1,130	1,130
Dividends proposed to be distributed to preference shareholders	133	105
Tax on Dividend	466	393
Transferred to:		
General Reserve	1,306	1,008
Closing Balance	38,606	28,980
	76,186	65,358
5 LONG TERM BORROWINGS		
From Banks (Secured)		
Term Loans	47,020	48,319
From Others (Unsecured)		
Interest Free Sales Tax Loan	406	674
	47,426	48,993

5.1 Term Loans from banks are secured by pari-passu first charge on fixed assets and second charge on current assets of the Company.

5.2 i) Loan amounting to ` 19,795 Lakhs (Pr. Yr. ` 20,995 Lakhs) is repayable in 30 quarterly instalments.

ii) Loan amounting to ` 32,102 Lakhs (Pr. Yr. ` 24,087 Lakhs) is repayable in 16 quarterly instalments.

iii) Loan amounting to ` 590 Lakhs (Pr. Yr. ` 1,120 Lakhs) is repayable in 5 quarterly instalments.

iv) Loan amounting to ` 4,831 Lakhs (Pr. Yr. ` 11,451 Lakhs) is repayable in 4 quarterly instalments.

v) Loan amounting to ` 933 Lakhs (Pr. Yr. ` Nil) is repayable in 3 quarterly instalments.

5.3 Interest rate relating to term loans from banks is in the range of 10.75% to 13.00%

5.4 The Company has not defaulted in its repayments of the loans and interest.

5.5 For the current maturities of long-term borrowings, refer Note 10 Other Current Liabilities.

	As at 31.03.2014	As at 31.03.2013
	(` in Lakhs)	
6 DEFERRED TAX LIABILITIES (NET)		
Tax effect of items constituting deferred tax liabilities:		
i) On difference between book balance and tax balance of fixed assets	6,012	6,238
Tax effect of items constituting deferred tax assets	-	-
Closing Balance	6,012	6,238
Opening Balance	6,238	4,734
Net Deferred Tax Charge / (Credit)	(226)	1,504
7 OTHER LONG TERM LIABILITIES		
Other than Acceptances		
Payables on Purchase of Fixed Assets	16	14,710
	16	14,710
8 SHORT TERM BORROWINGS		
Loans repayable on demand		
From Banks (Secured)		
Loans for Working Capital	8,718	22,508
Packing Credit	13,082	8,130
Unsecured		
Loans repayable on Demand from Other Parties	368	958
Others - Acceptances under Buyers Credit	15,147	9,596
	37,315	41,192
8.1 Working capital loans are secured by first charge on inventories and book debts, and second charge on fixed assets to lending banks on pari-passu basis.		
8.2 The Company has not defaulted in its repayments of the loans and interest during the year.		
9 TRADE PAYABLES		
Other than Acceptances	27,969	11,410
	27,969	11,410
10 OTHER CURRENT LIABILITIES		
Current Maturities of:		
i) Long Term Loans	11,231	10,333
ii) Interest Free Sales Tax Loan	225	297
Interest accrued and not due on borrowings	310	765
Advance from Customers	809	477
Advance from Related Parties	-	81
Other Liabilities #	1,825	2,043
	14,400	13,996
# Includes (a) unclaimed dividend of ` 9 Lakhs (Pr. Yr. ` 8 Lakhs), (b) Share application money refund of ` 2 Lakhs (Pr. Yr. ` 2 Lakhs), (c) Statutory dues of ` 1,803 Lakhs (Pr. Yr. ` 1,954 Lakhs) and (d) Others of ` 11 Lakhs (Pr. Yr. ` 79 Lakhs).		
11 SHORT TERM PROVISIONS		
Provision for Tax *	381	392
Provision for Proposed Preference Dividend	133	105
Provision for Proposed Equity Dividend	1,130	1,130
Provision for Tax on Proposed Dividends	210	210
	1,854	1,837

* Net of Advance Tax paid ` 4,933 Lakhs (Pr. Yr. ` 2,482 Lakhs).

Notes

Notes forming part of the Consolidated Financial Statements

12. FIXED ASSETS

(` in Lakhs)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION AND IMPAIRMENT				NET BLOCK		
	Cost As On 01.04.2013	Additions	Deletions	Cost As On 31.03.2014	Upto 31.03.2013	For the Year	Withdrawn on Deletion	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
Land *	3,071 2,996	1,792 75	3 -	4,860 3,071	- -	- -	- -	- -	4,860 3,071	3,071 2,996
Factory Buildings	26,711 17,310	187 9,401	- -	26,898 26,711	3,168 2,485	886 683	- -	4,054 3,168	22,844 23,543	23,543 14,848
Non Factory Buildings	9,135 6,593	- 2,542	- -	9,135 9,135	583 434	184 149	- -	767 583	8,368 8,552	8,552 6,159
Plant & Machinery	1,09,492 83,236	5,406 26,804	848 548	1,14,050 1,09,492	37,023 26,326	10,939 10,936	503 239	47,459 37,023	66,591 72,469	72,469 56,887
Wind Mill	35,549 35,487	- 64	- 2	35,549 35,549	17,069 14,098	2,832 2,971	- -	19,901 17,069	15,648 18,480	18,480 21,389
Electrical Installations	6,788 5,933	95 867	- 12	6,883 6,788	1,925 1,493	495 439	- 7	2,420 1,925	4,463 4,863	4,863 4,440
Furniture & Fixtures	3,003 2,634	120 369	12 -	3,111 3,003	929 751	194 178	1 -	1,122 929	1,989 2,074	2,074 1,883
Computers & Accessories	364 280	19 86	2 2	381 364	228 183	34 46	1 1	261 228	120 136	136 97
Intangible Asset - Software	126 59	17 67	- -	143 126	47 27	23 20	- -	70 47	73 79	79 32
Vehicles	839 545	100 313	54 19	885 839	258 198	83 70	16 10	325 258	560 581	581 347
Total	1,95,078	7736	919	2,01,895	61,230	15,670	521	76,379	1,25,516	1,33,848
Previous Year	1,55,073	40,588	583	1,95,078	45,995	15,492	257	61,230	1,33,848	1,09,078

* Includes Leasehold Land - ` 318 Lakhs (Pr. Yr. ` 318 Lakhs).

Note: Previous year figures are shown in italics.

	As at 31.03.2014	As at 31.03.2013
	(` in Lakhs)	
13 LONG TERM LOANS AND ADVANCES		
Loans and Advances to Related Parties	-	600
Capital Advances	-	264
Security Deposits	889	778
Deposit with Central Excise & Service Tax	31	31
	920	1,673
MAT Credit Entitlement		
Opening Balance	1,310	1,052
Changes during the year	(1,160)	258
Closing Balance	150	1,310
	1,070	2,983
14 OTHER NON CURRENT ASSETS		
Unsecured and Considered good		
Long Term Trade Receivables	182	229
Less: Provision for Doubtful Trade Receivables	182	-
	-	229
15 CURRENT INVESTMENTS (At lower of cost and net asset value)		
Investment in Mutual Funds (Unquoted)		
Reliance Mutual Fund	3,447	2,325
HDFC Mutual Fund	2,822	2,812
ICICI Prudential Mutual Fund	-	1,509
	6,269	6,646
16 INVENTORIES		
Raw Materials	15,208	10,595
Stock-in-process **	1,694	1,340
Finished Goods	20,203	21,303
Stock-in-trade	1,260	1,348
Stores, Spares, Packing & Others	2,169	1,171
	40,534	35,757
** Includes Yarn ` 1,280 Lakhs (Pr. Yr. ` 1,029 Lakhs), Fabric ` Nil (Pr. Yr. ` 12 Lakhs), Sugar ` 181 Lakhs (Pr. Yr. ` 152 Lakhs) and Garments ` 233 Lakhs (Pr. Yr. ` 147 Lakhs).		
17 TRADE RECEIVABLES		
Unsecured and Considered good		
Outstanding for over six months from the payment due date	81	574
Others	23,720	15,305
	23,801	15,879

	As at 31.03.2014	As at 31.03.2013
	(` in Lakhs)	
18 CASH AND CASH EQUIVALENTS		
(a) Cash on Hand	222	277
(b) Balance with Banks:		
i) In Current Accounts	3,766	1,933
ii) In EEFC Accounts	567	205
iii) In Deposit Accounts #	5,351	5,181
iv) In Earmarked Deposit accounts	10	9
	9,916	7,605

Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements is ` 7,794 Lakhs (Pr. Yr. ` 2,449 Lakhs).

Deposits Accounts include deposits with maturity of more than 12 months of ` 33 Lakhs (Pr. Yr. ` 34 Lakhs) and Margin Deposits of ` 5,318 Lakhs (Pr. Yr. ` 5,147 Lakhs).

19 SHORT TERM LOANS AND ADVANCES		
Unsecured and Considered good		
Loans and Advances Others	910	1,686
Loans and Advances to Employees	56	65
Balances with Government Authorities:		
i) VAT Credit Receivable	88	266
Advance for Purchases	2,317	1,499
Others (Primarily prepaid expenses)	634	543
	4,005	4,059
20 OTHER CURRENT ASSETS		
Interest Accrued on Deposits	22	278
Investment Promotion Subsidy Receivables	2,363	-
Other Receivables (Mainly Export Incentives)	2,282	1,648
	4,667	1,926

	Year Ended 31.03.2014	Year Ended 31.03.2013
	(` in Lakhs)	
21 REVENUE FROM OPERATIONS		
Sale of Products	2,27,532	1,59,204
Sale of Services	4,539	3,682
Other Operating Income	6,050	3,875
	2,38,121	1,66,761

	Year Ended 31.03.2014	Year Ended 31.03.2013
	(` in Lakhs)	
21.1 Sale of Products		
Garment	38,071	25,337
Yarn	1,14,350	95,724
Fabric	33,174	21,679
Sugar	20,684	2,655
Molasses	2,210	1,501
Co-Gen Power	1,696	2,055
Cars	8,923	3,364
Cotton Waste	8,424	6,889
	2,27,532	1,59,204
21.2 Sale of Services		
Processing, Fabrication & Service Income	4,539	3,682
	4,539	3,682
21.3 Other Operating Income		
Export Incentives	4,419	2,832
Others (Primarily Scrap)	1,631	1,043
	6,050	3,875
22 OTHER INCOME		
Interest from:		
Bank Deposits	514	351
Others	77	64
Dividend:		
From Current Investments	88	140
From Non-Current Investments	28	-
Investment Promotion Subsidy	2,363	-
Miscellaneous Income	34	18
	3,104	573
23 COST OF GOODS CONSUMED		
a) Opening Stock		
Cotton	8,886	12,606
Dyes & Chemicals	203	126
Yarn, Fabric, Polyester & Garments	1,506	905
	10,595	13,637
b) Add: Purchases and Production Expenses		
Cotton	1,13,497	77,049
Dyes & Chemicals	2,128	1,691
Yarn, Fabric, Polyester & Garments	13,954	9,381
Production Expenses	1,247	893
Trims, Packing & Others (Consumption)	3,626	2,333
Parts Purchase & Others (Consumption)	491	253
Sugarcane & Coal	20,349	19,671
	1,55,292	1,11,271
c) Less : Closing Stock		
Cotton	12,945	8,886
Dyes & Chemicals	288	203
Yarn, Fabric, Polyester & Garments	1,975	1,506
	15,208	10,595
	1,50,679	1,14,313

	Year Ended 31.03.2014	Year Ended 31.03.2013
	(` in Lakhs)	
24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
A) OPENING STOCK		
Finished Goods	22,651	4,173
Stock-in-Process	1,340	1,048
	23,991	5,221
B) CLOSING STOCK		
Finished Goods	21,463	22,651
Stock-in-Process	1,694	1,340
Increase / (decrease) of excise duty on inventory	1,019	(294)
	24,176	23,697
	(185)	(18,476)
25 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages & Bonus	12,539	9,635
Contribution to Provident Fund & Other Funds	975	766
Staff Welfare Expenses	1,584	1,264
	15,098	11,665
26 FINANCE COSTS		
Interest Expense on		
Term Loans	6,146	5,114
Working Capital Loans	3,037	2,269
Others		
Interest on delayed / deferred payment of Income Tax	69	-
Bank Charges	513	528
Net (Gain) / Loss on Foreign Currency Transactions & Translation	685	1,892
	10,450	9,803
27 OTHER EXPENSES		
Manufacturing Expenses		
Power & Fuel	7,134	6,457
Consumption of Stores & Packing Materials	2,026	2,037
Insurance Charges	233	186
Repairs and Maintenance		
Building	312	241
Machinery	4,817	3,075
Others	313	250
Administration Expenses		
Professional Fees	168	149
Rent (Refer Note 37)	188	85
Duties, Rates & Taxes	1,096	438
Payment to Auditor (Refer Note 29)	12	16
Loss on Sale of Fixed Assets (Net)	30	22
Travelling Expenses	291	323
Donations	335	215
Bad Debts Written Off	25	-
Provision for Doubtful Trade & Other Receivables	182	-
General Expenses	290	237
Selling Expenses		
Freight & Forwarding	1,515	1,342
Sales Commission	1,602	1,366
Other Selling Expenses	542	254
	21,111	16,693

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

- 28.1 The Group is in receipt of a demand of ₹ 82 Lakhs (Pr. Yr. ₹ 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 Group has issued Bank Guarantees amounting to ₹ 164 Lakhs (Pr. Yr. ₹ 164 Lakhs) in favour TANGEDCO and Bank Guarantees amounting to ₹ 5 Lakhs (Pr. Yr. ₹ 5 Lakhs) in favour of Tamilnadu Pollution Control Board. The Group has issued Corporate Guarantees amounting to ₹ 15,665 Lakhs (Pr. Yr. ₹ 15,000 Lakhs) towards working capital facilities availed by the wholly owned subsidiary companies from banks.
- 28.3 The Group has an Export obligation of ₹ 5,101 Lakhs (Pr. Yr. ₹ 5,013 Lakhs) to be completed upto 2018-19. The duty implication involved is ₹ 836 Lakhs (Pr. Yr. ₹ 627 Lakhs).
- 28.4 At the request of the Group, the Bankers have extended Letter of Credits in favour of the suppliers of the Group as under :
- Foreign Letter of Credit ₹ 36 Lakhs (Pr. Yr. ₹ 5,100 Lakhs).
 - Inland Letter of Credit ₹ 873 Lakhs (Pr. Yr. ₹ Nil)
- 28.5 The Group has discounted sale invoices amounting to ₹ 4,537 Lakhs (Pr. Yr. ₹ 7,156 Lakhs) with banks as at the Balance Sheet date.
- 28.6 Disputed Income Tax demands pending in appeals as at the Balance Sheet date is ₹ 3,395 Lakhs (Pr. Yr. ₹ 2,292 Lakhs). Disputed Central Excise demands pending in appeals as at the Balance Sheet date is ₹ 6 Lakhs (Pr. Yr. ₹ 6 Lakhs). Disputed Service Tax demands pending in appeals as at the Balance Sheet date is ₹ 28 Lakhs (Pr. Yr. ₹ 28 Lakhs). Disputed Sales Tax demands pending in appeals as at the Balance Sheet date is ₹ 10 Lakhs (Pr. Yr. Nil).
- 28.7 Estimated amount of contracts on capital account remaining to be executed (net of advances) aggregate to ₹ Nil (Pr. Yr. ₹ 181 Lakhs).

29 Payment to Auditors:

	(₹ in Lakhs)	
	2013-14	2012-13
Audit Fees	11	10
Other Services	-	4
Cost Audit	-	-
Expenses (incl. Service Tax)	1	1
Total	12	15

30 Related Party Disclosures:

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

30.1 Name of related parties and nature of relationships:

Key Management Personnel	Sri K.P.Ramasamy Sri KPD Sigamani Sri P.Nataraj Sri C.R.Anandakrishnan
Relatives of Key Managerial Personnel	Sri E.K.Sakthivel (Daughter's Husband of Sri.KPD Sigamani) Smt D.Geetha (Daughter of Sri.KPD Sigamani) Smt Kalpana Anand (Daughter of Sri K.P.Ramasamy)
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 K.P.R.Charities

30.2 Transactions during the year and the balance outstanding at the Balance Sheet date:

(` in Lakhs)				
Nature of Transaction	Enterprises owned or significantly influenced by key management personnel / Directors or their relatives	Key Managerial Persons	Relatives to Key Managerial Persons	Total as on 31/03/2014
Purchase of Goods / Assets	-	1,521	4	1,525
	-	-	-	-
Sales of Goods	52	-	-	52
	-	-	(44)	(44)
Lease Rent	-	1	-	1
	-	(1)	-	(1)
Remuneration / Salary	-	1,386	24	1,410
	-	(1,125)	(29)	(1,154)
Donation	300	-	-	300
	(200)	-	-	(200)
Land Advance	-	-	-	-
	-	(600)	-	(600)
Amount Payable	-	800	1	801
	-	(788)	(1)	(789)

(Previous year figures are shown in brackets)

30.3 Details of major transactions with related parties

a. Purchase of Goods / Assets (₹ in Lakhs)		
Name	2013-14	2012-13
Sri K.P.Ramasamy	507	-
Sri KPD Sigamani	507	-
Sri P.Nataraj	507	-
Total	1,521	-

b. Sale of Goods / Assets (₹ in Lakhs)		
Name	2013-14	2012-13
Smt.Kalpana Anand	-	44
M/s K P R Holdings Private Limited	52	-
Total	52	44

c. Lease Rent Paid (₹ in Lakhs)		
Name	2013-14	2012-13
Sri K.P.Ramasamy	0.27	0.27
Sri KPD Sigamani	0.26	0.27
Sri P.Nataraj	0.26	0.26
Total	0.79	0.80

d. Remuneration / Salary (₹ in Lakhs)		
Name	2013-14	2012-13
Sri K.P.Ramasamy	454	367
Sri KPD Sigamani	454	367
Sri P.Nataraj	454	367
Sri C.R.Ananda Krishnan	24	24
Total	1,386	1125

e. Land Advance (₹ in Lakhs)		
Name	2013-14	2012-13
Sri K.P.Ramasamy	-	200
Sri KPD Sigamani	-	200
Sri P.Nataraj	-	200
Total	-	600

f. Amount Payable (₹ in Lakhs)		
Name	2013-14	2012-13
Sri K.P.Ramasamy	266	316
Sri KPD Sigamani	266	239
Sri P.Nataraj	266	231
Sri C.R.Ananda Krishnan	2	2
Total	800	788

31 Expenditure in Foreign Currency and CIF Value of Imports:

(₹ in Lakhs)		
Particulars	2013-14	2012-13
(a) Expenditure in Foreign Currency:		
Travel, sales commission etc.,	386	228
Interest	326	1,296
Professional Fees	2	5
(b) Value of imports on CIF basis:		
Raw Material	16,580	14,170
Stores and Spare parts	507	677
Machinery	18,357	183
Total	36,158	16,559

32 Earnings in Foreign Currency:

(₹ in Lakhs)		
Particulars	2013-14	2012-13
Export of Goods on FOB basis	65,844	43,368
Total	65,844	43,368

33 Amounts Remitted in Foreign Currency as Dividends:

Particulars	2013-14	2012-13
On account of Dividends (₹ in Lakhs)	77	55
Number of Non-Resident Share Holders	1	1
Number of Shares held by Non-Resident Shareholders on which Dividends are due	11,06,784	11,06,784
The year to which dividends relates	2012-13 & 2013-14	2011-12 & 2012-13

34 Earnings Per Share (EPS):

(₹ in Lakhs)		
Particulars	2013-14	2012-13
Profit / (loss) for the year	14,168	10,301
Less: Preference Dividend and Tax thereon	123	123
Profit / (loss) for the year attributable to the equity shareholders	14,045	10,178
Weighted average number of Shares	3,76,82,892	3,76,82,892
Face Value Per Share (₹)	10.00	10.00
Earnings Per Share - Basic & Diluted (₹)	37.27	27.01

35 i) Goodwill on Consolidation:

	(` in Lakhs)	
Particulars	2013-14	2012-13
Opening Balance	70	70
Less: Impairment	-	-
Closing Balance	70	70

ii) The Effect of Acquisition and Disposal of Subsidiaries:
The effect of acquisition and disposal of subsidiaries on the financial position and results, as included in the consolidated financial statements, is given below:

	(` in Lakhs)			
Particulars	2013-14		2012-13	
	Acquisition	Disposal	Acquisition	Disposal
Liabilities as on date of acquisition				
Non-current liabilities	-	-	575	-
Current liabilities	-	-	870	-
Assets as on date of acquisition				
Non-current assets	-	-	514	-
Current assets	-	-	1,084	-
Revenue for the period ended	-	-	2,970	-
Expenses for the period ended	-	-	3,042	-
Profit / (Loss) before tax for the period ended	-	-	(72)	-
Profit / (Loss) after tax for the period ended	-	-	(72)	-

36 Segment Reporting:

The Group is operating in three business segments, viz., Textile, Sugar and Others as follows:

	(` in Lakhs)				
Particulars	For the year ended 31st March, 2014				
	Business segments			Eliminations	Total
	Textile	Sugar	Others		
Revenue	1,98,423	23,571	9,058	-	2,31,052
	(1,53,050)	(7,195)	(3,625)	(-)	(1,63,870)
Inter-segment revenue	-	5,250	-	5,250	-
	(-)	(639)	(-)	(639)	(-)
Total	1,98,423	28,821	9,058	5,250	2,31,052
	(1,53,050)	(7,834)	(3,625)	(639)	(1,63,870)
Segment result	25,003	1,089	461	-	26,553
	(22,190)	(1,407)	(40)	(-)	(23,637)
Unallocable expenses (net)					10,450
					(9,803)
Operating income					16,103
					(13,834)
Other income (net)					3,104
					(573)
Profit before taxes					19,207
					(14,407)
Tax expense					5,039
					(4,106)
Profit for the year					14,168
					(10,301)

Note: Figures in bracket relate to the previous year

36.2	(` in Lakhs)			
Particulars	For the year ended 31st March, 2014			
	Business segments			Total
	Textile	Sugar	Others	
Segment assets	1,58,361 (1,53,453)	57,711 (50,489)	2,225 (2,290)	2,18,297 (2,06,232)
Unallocable assets				- (-)
Total assets				2,18,297 (2,06,232)
Segment liabilities	60,986 (48,709)	21,642 (18,922)	1,255 (1,843)	83,883 (69,474)
Unallocable liabilities				- (-)
Total liabilities				83,883 (69,474)
Other information				
Capital expenditure	6,722 (8,522)	1,526 (31,755)	86 (311)	8,334 (40,588)
Depreciation and amortisation	12,985 (14,181)	2,613 (897)	72 (14)	15,670 (15,092)

Note: Figures in bracket relate to the previous year

36.3 Segment Revenue by Geographic Location of Customers

	(` in Lakhs)	
	2013-14	2012-13
Asia	26,858	17,066
Europe	33,855	20,769
Others	5,131	5,533
India	2,00,674	1,42,138
Total	2,66,518	1,85,506

36.4 Segment Assets by Geographic Location of Assets

	(` in Lakhs)	
	2013-14	2012-13
Asia	521	502
Europe	8,345	4,699
Others	174	1,370
India	2,07,406	2,02,431
Total	2,16,446	2,09,002

36.5	(` in Lakhs)	
Capital Expenditure	2013-14	2012-13
Outside India	-	-
India	7,736	40,588
Total	7,736	40,588

37 Operating Lease Disclosure

During the year, the Group has taken Office space on lease for a period of 9 years with option to renew and with escalation in rent once in three years with lock-in period of three years. Lease rent for the year ended 31st March 2014 amounted to ` 126 Lakhs (Pr. Yr. ` 66 Lakhs).

	(` in Lakhs)	
Particulars	2013-14	2012-13
Minimum lease payments not later than one year	125	125
Later than one year but not later than five years	400	379
More than five years	211	206

38 Disclosure of Employee Benefits:

38.1 Defined Contribution Plans

	(` in Lakhs)	
	2013-14	2012-13
Provident Fund	804	701
Employee State Insurance	365	275

39 Defined Benefit Plan - Gratuity

	(` in Lakhs)	
	2013-14	2012-13
A Changes in Present Value of Obligation		
PV of obligation as the beginning of the year	123.13	106.16
Current Service Cost	40.64	29.92
Interest Cost	9.57	8.50
Actuarial (Gain) / Loss on Obligation	(7.26)	(21.45)
PV of obligation as at end of the year	166.08	123.13
B Change in Fair Value of Plan Assets		
FV of Plan Asset as at beginning of the year	138.22	102.74
Expected return on Plan Assets	9.46	9.59
Actuarial gain / (loss)	-	-
Contributions by the employer	18.00	25.89
FV of Plan Asset as at end of the year	165.68	138.22
C Net Asset/(Liability) recognized in the Balance Sheet		
PV of Obligation as at end of the year	166.08	123.13
FV of Plan Asset as at end of the year	165.68	138.22
Funded Status [Surplus/(Deficit)]	(0.40)	15.09
D Expense recognized in the Consolidated Statement of Profit and Loss		
Current Service Cost	40.64	29.92
Interest Cost	9.57	8.50
Expected return on Plan Assets	(9.46)	(9.59)
Actuarial (gains) / Losses	(7.26)	(21.45)
Expense recognised in the Consolidated Statement of Profit and Loss	33.49	7.38
E Composition of Plan Assets		
Government securities	67.82	56.58
Debentures and bonds	62.14	51.84
Fixed deposits	24.83	20.71
Others	10.89	9.09
F Actuarial Assumptions		
Discount Rate (per annum)	8.00%	8.05%
Rate of increase in compensation levels (per annum)	7.20%	7.00%
Rate of return on plan assets (per annum)	8.00%	8.00%
Expected average remaining working lives of employees (years)	28.18 - 30.03	29.25 - 29.76
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 Details of Current Investments

	(` in Lakhs)			
Particulars	2013-14		2012-13	
	Units	Amount	Units	Amount
Reliance Mutual Fund	1,12,280	3,447	1,51,955	2,325
HDFC Mutual Fund	1,07,84,332	2,822	2,64,40,953	2,812
ICICI Mutual Fund	-	-	15,07,156	1,509
Total		6,269		6,646

41 Captive consumption of windmill power: The power cost is net value of captively consumed units.

42 The Group 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 gain of ` Nil as at 31st March, 2014. (Previous Year Ended 31st March 2013: Net gain of ` 104 Lakhs).

43 Details of hedged and unhedged foreign currency exposures:

(i) Outstanding forward exchange contracts for hedging purposes as on 31st March, 2014:

Currency	Cross Currency	Amount (₹ in Lakhs)	Buy / Sell
\$	Rupees	14,431.64 (Nil)	Buy
\$	Rupees	6,623.22 (174.38)	Sell
€	Rupees	11,239.44 (71.59)	Sell
£	Rupees	4,452.30 (77.08)	Sell

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

As at 31st March, 2014		As at 31st March, 2013	
Receivables / (Payables)		Receivables / (Payables)	
₹ in Lakhs	FC in Lakhs	₹ in Lakhs	FC in Lakhs
(34.68)	(€ 0.42)	(10,437.90)	(\$191.91)
		(8,238.74)	(€ 118.47)
		(5,495.78)	(CHF 96.30)

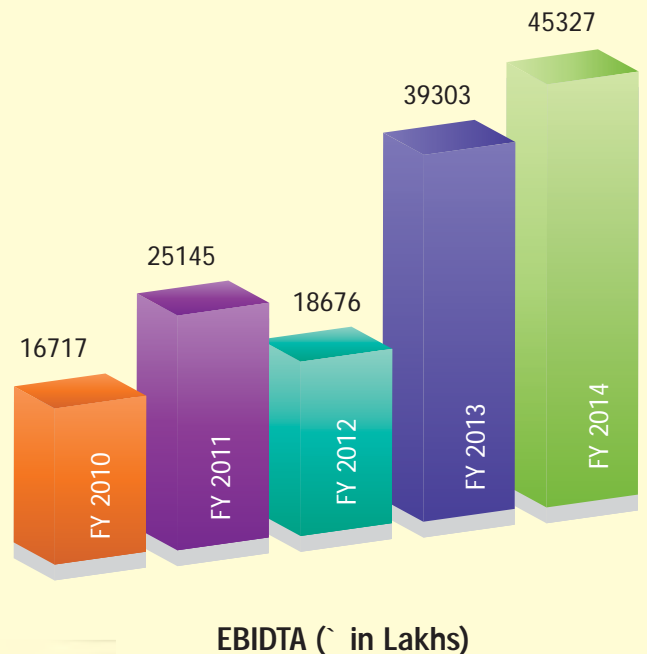
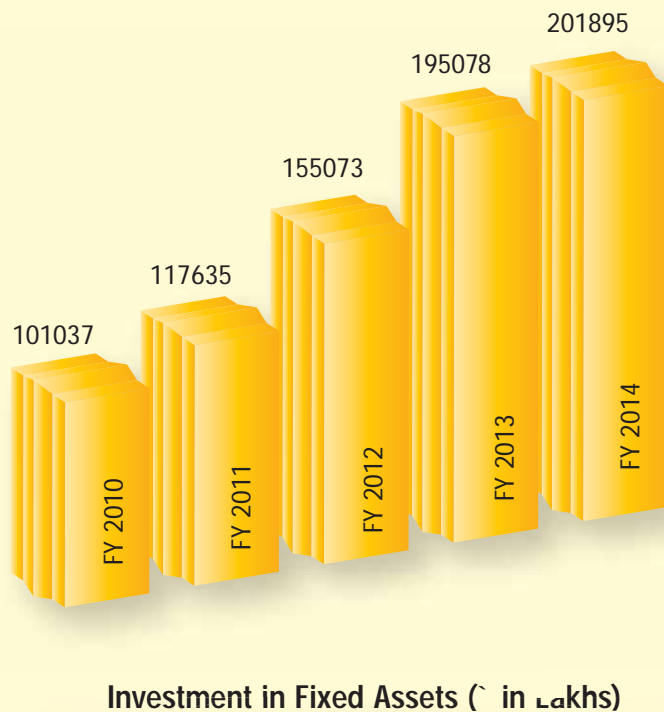
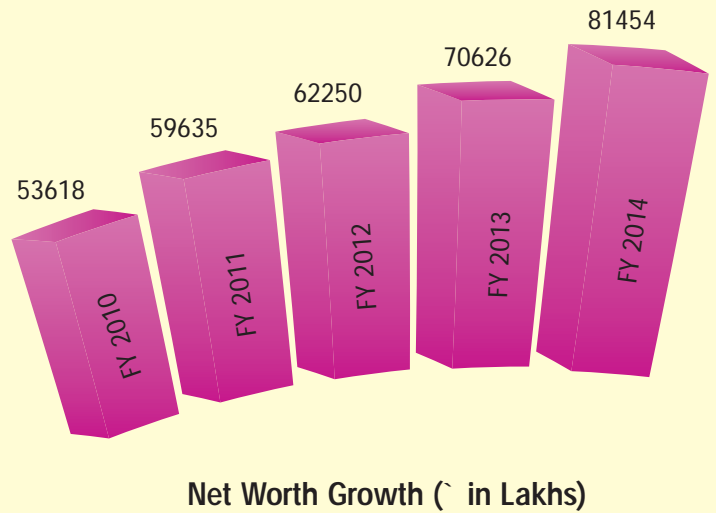
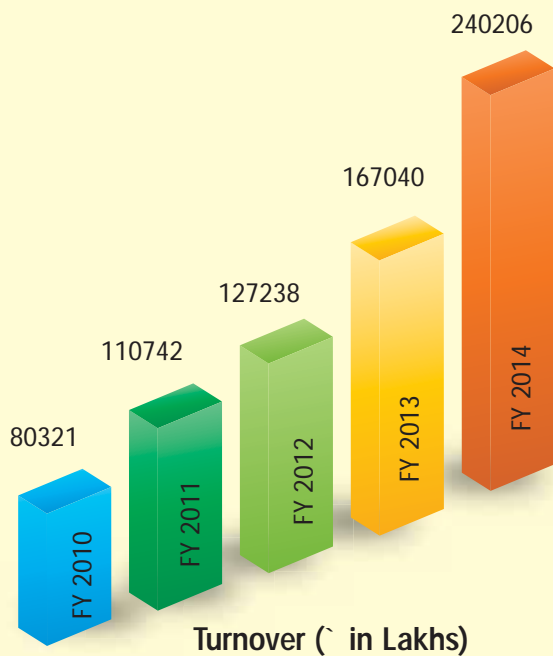
44 Statement of information relating to subsidiaries including subsidiary of subsidiary (in terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No: 5/12/2007-CL-III dated 8th February, 2011) in compliance with section 212 of the Companies Act, 1956:

2013-14					(₹ in Lakhs)
Particulars	Quantum Knits Private Limited	K.P.R.Sugar Mill Limited	Galaxy Knits Limited	Jahnvi Motor Private Limited	
Share Capital	10	583	5	151	
Reserves & Surplus	621	19,770	-	161	
Total Assets	6,977	60,428	5	2,231	
Total Liabilities	6,346	40,075	-	1,919	
Investments (Excl'd. investment in subsidiaries)	-	6,269	-	-	
Turnover	27,146	33,109	-	10,035	
Profit / (Loss) Before Tax	275	648	-	316	
Provision for Tax	82	(10)	-	55	
Proposed Dividend	-	28	-	-	

2012-13					(₹ in Lakhs)
Particulars	Quantum Knits Private Limited	K.P.R.Sugar Mill Limited	Galaxy Knits Limited	Jahnvi Motor Private Limited	
Share Capital	10	483	5	151	
Reserves & Surplus	428	9,245	-	(100)	
Total Assets	8,355	50,565	5	2,289	
Total Liabilities	7,917	40,837	-	2,238	
Investments (Excl'd. investment in subsidiaries)	-	-	-	-	
Turnover	18,426	6,616	-	6,745	
Profit / (Loss) Before Tax	201	75	-	(63)	
Provision for Tax	50	10	-	-	
Proposed Dividend	-	-	-	-	

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

GRAPH SHOW



DISTRIBUTION OF EARNINGS

Raw Material	66.05%
Tax Exp	2.10%
Power	2.97%
Finance charges	4.35%
Other Exp	5.82%
PAT	5.90%
Employee Cost	6.29%
Depreciation	6.52%

Corporate Office:
KPR MILL LIMITED
1st Floor, Srivari Shrimat, 1045, Avinashi Road,
Coimbatore – 641 018.
Phone: +91 422 220 7777 | Fax: +91 422 220 7778
CIN: L17111TZ2003PLC010518
Email : corporate@kprmill.com

www.kprmilllimited.com



K.P.R. MILL LIMITED

Registered Office: No.9, Gokul Buildings, 1st Floor,
A.K.S. Nagar, Thadagam Road, Coimbatore – 641 001.
Phone: 0422-2478090 Fax: 0422-2478050
CIN: L17111TZ2003PLC010518

Email: corporate@kprmill.com Web: www.kprmilllimited.com

NOTICE OF 11th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 11th Annual General Meeting of the Members of the Company will be held on **Wednesday the 27th August 2014 at 11.30 AM** at Ball Room, **Hotel The Residency**, 1076, Avinashi Road, **Coimbatore-641 018** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Accounts together with Directors Report as also the Auditors Report thereon for the year ended 31st March, 2014.
2. To declare dividend.
3. To appoint a Director in the place of Sri.Shujaat Khan (holding DIN 00526891) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s.Deloitte Haskins and Sells, Chartered Accountants (ICAI Registration No.008072S) as Statutory Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. K. Sabapathy (holding DIN 00001794), Director of the Company who retires by rotation at the Annual General Meeting be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri.G.P.Muniappan (holding DIN 01653599), Director of the Company who retires by rotation at the Annual General Meeting be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. M.J.Vijayaaraghavan (holding DIN 00013948), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. K.N.V.Ramani (holding DIN 00007931), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. A.M.Palanisamy (holding DIN 00112303), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019.”

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri.C.Thirumurthy (holding DIN 00001991), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019."

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

"RESOLVED THAT pursuant to the provisions of section 180 (1)(c) of the Companies Act, 2013 and in pursuance of all earlier Resolutions passed in this regard under the Companies Act, 1956, consent of the company be and is hereby accorded to the Board of Directors of the Company and / or any Committee thereof to borrow at its discretion, either from the Company's Bank or any other Indian or Foreign Bank(s), Financial Institution(s) and /or any other lending Institution or Persons from time to time such sum(s) of money(s) and the sum(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers/Financial Institution in the ordinary course of business) with or without security on such terms and conditions as they may think fit may exceed the aggregate of the Paid-up Capital and Free Reserves of the Company that is to say, Reserves not set apart for any specific purpose, provided that the total amount of borrowing together with the money(s) already borrowed by the Board of Directors shall not exceed the sum of ` 3000 Crores (Rupees Three Thousand Crores only) at any one time."

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

"RESOLVED THAT pursuant to the provisions of section 180 (1)(a) of the Companies Act, 2013 and subject to other approvals, if applicable or required under any statute(s)/ rule(s) regulation(s) or any law for the time being in force or required from any other concerned authorities and in pursuance of earlier Resolutions passed in this regard under the Companies Act, 1956, the Board of Directors of the Company and / or any committee thereof, be and are hereby authorized and shall be deemed to have always been so authorized to create such mortgages/charges/hypothecation and / or other encumbrances, in addition to the existing mortgages, charges, hypothecation and other encumbrances, if any, created by the company on all or any part of the immovable and /or movable properties, current and / or fixed assets, tangible or intangible assets, book debts and/or claims of the Company wheresoever situate, present and future, with power to enter upon and take

possession of assets of the company in certain events when so provided in the agreement(s) entered into, such charges to rank either pari-passu with or second, subsequent, subservient and subordinate to all mortgages, charges, hypothecation and other encumbrances created / to be created by the Company in favor of Indian or Foreign Financial Institutions, Banks and other Lending Institutions and / or to such other persons, if any, from whom the Company has / or proposed/proposes to borrow money / sums of money's by way of term loans, cash credits, over drafts, discounting of bills, inter-corporate deposits, commercial papers or such other financial instruments permitted to be issued by the appropriate authorities from time to time together with interest, cost, charges and other incidental expenses and other monies in terms of the agreement(s) entered / to be entered into by the Board of Directors/any Committee thereof of the Company within the overall borrowing limits of ` 3000 Crores (Rupees Three Thousand Crores only) as fixed pursuant to section 180 (1) (c) of the Companies Act, 2013."

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

RESOLVED THAT pursuant to the Provisions of Sections 196, 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force, Sri. K.P.Ramasamy be and is hereby re-appointed as Executive Chairman of the Company for a period of 5 (Five) years with effect from 1.4.2015 upon the Remuneration, Perquisites, Terms and Conditions as detailed in the Explanatory Statement under Section 102 of the Companies Act, 2013 annexed to the Notice convening the Meeting.

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

RESOLVED THAT pursuant to the Provisions of Sections 196, 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force, Sri. KPD Sigamani be and is hereby re-appointed as Managing Director of the Company for a period of 5 (Five) years with effect from 01.04.2015 upon the Remuneration, Perquisites, Terms and Conditions as detailed in the Explanatory Statement under Section 102 of the Companies Act, 2013 annexed to the Notice convening the Meeting.

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

RESOLVED THAT pursuant to the Provisions of Sections 196, 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force, the approval of the Company be and is hereby accorded to the re-appointment of Sri. P. Nataraj as Managing Director of the Company for

a period of 5 (Five) years with effect from 01.04.2015 upon the Remuneration, Perquisites, Terms and Conditions as detailed in the Explanatory Statement under Section 102 of the Companies Act, 2013 annexed to the Notice convening the Meeting.

By Order of the Board of Directors

Place:Coimbatore

K.P.Ramasamy

Date:22.05.2014

Chairman

Notes:

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

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

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business of the meeting, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 21.08.2014 to 27.08.2014 (both days inclusive) in connection with the Annual General Meeting and for the purpose of payment of dividend, if approved by the Members.
4. The dividend as recommended by the Board, if declared at the meeting will be paid on or before 16.09.2014 to those members:
 - (a) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/Registrar and Transfer Agent on or before 22nd August 2014 and
 - (b) whose names appear as Beneficial Owners in the list of Beneficial Owners on 22nd August 2014 to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address as soon as possible. The Securities and Exchange Board of India (SEBI) has made it mandatory for all Companies to use the bank account details furnished by the Shareholders/Depositories for depositing of dividends. NECS Form is attached to the Notice to the Members for providing details, if not provided already.

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

7. Under Section 125 of the Companies Act, 2013 the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. Accordingly, the unpaid and unclaimed dividend amount pertaining to Interim Dividend for the year 2007-08 is due for transfer in November 2014, to the Investor Education and Protection Fund of the Central Government.

The Ministry of Corporate Affairs (MCA) on May 10, 2012 notified the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules 2012 (IEPF Rules) which are applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2007-08, as on the date of the last Annual General Meeting (AGM) held on 31st August 2013 on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.kprmilllimited.com

8. Details under Clause 49 of the listing agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
9. Electronic copy of the Annual Report 2014 is being sent to the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2014 is being sent separately in the permitted mode. Positive consent letter is attached to the Notice to the Members for giving consent to receive documents in electronic mode.
10. Electronic copy of the Notice of the 11th Annual General Meeting of the Company along with Attendance Slip inter-alia indicating the process and manner of e-voting, Proxy Form, Postal Ballot with procedures are being sent to the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 11th Annual General Meeting of the Company along with aforesaid documents are being sent in the permitted mode.
11. Members may also note that the Notice of the 11th Annual General Meeting and the Annual Report 2014 will also be available on the Company's website www.kprmilllimited.com

for download. The Physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id investors@kprmill.com.

12. I. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date of 18th July 2014.
 - II. Shri. A.Vetrivel, Chartered Accountant (Membership No. 25028) has been appointed as the Scrutinizer to Scrutinize the e-voting process and for Postal Ballot in a fair and transparent manner.
 - III. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kprmilllimited.com and on the website of CDSL within two (2) days of passing of the Resolutions at the AGM of the Company and communicated to the Stock Exchanges.
13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10 A.M. to 5 P.M) on all working days, up to and including the date of the Annual General Meeting of the Company.
 14. As the company has provided e-voting / postal ballot voting in terms of clause 35 B of the listing agreement, members may please note that there will be only one mode of voting either through E-Voting or by Post. The scrutinizer will collate the votes downloaded from the e-voting system and votes received through postal ballot to declare the final result for each of the resolutions forming part of the notice of annual general meeting.

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

Item No.5

Dr. K.Sabapathy, aged 58 years is an expert in Physics and Computer Science. He is an Independent Director on the Board of Directors of the Company for over 7 years. Detailed Profile of Dr.K.Sabapathy is annexed.

In the opinion of the Board, Dr.K.Sabapathy, proposed to be appointed as an Independent Director fulfils the conditions specified in the Section 149(6) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and that the proposed director is independent of the management. His tenure as Independent Director is for five years counts with effect 1.4.2014 for the purpose of the Companies Act, 2013.

Except Sri. Dr.K.Sabapathy, being an appointee, none of the Directors & Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution.

Item No.6

Sri.G.P.Muniappan, aged 72 years is an expert in Economics, Banking and Foreign Exchange Management and Regulations. He is an Independent Director on the Board of Directors of the Company for over 5 years. Detailed Profile of Sri. G.P.Muniappan is annexed.

In the opinion of the Board, Sri.G.P.Muniappan, proposed to be appointed as an Independent Director fulfils the conditions specified in the Section 149(6) and other applicable provisions of the Companies Act, 2013 and the rules made there under and that the proposed director is independent of the management. His tenure as Independent Director is for five years counts with effect from 01.04.2014 for the purpose of the Companies Act, 2013.

Except Sri.G.P.Muniappan, being an appointee, none of the Directors & Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution.

Item No.7

Sri.M.J.Vijayaraaghavan, aged 82 years is a Chartered Accountant with over four decades of experience. He is an Independent Director on the Board of Directors of the Company for over 7 years. Detailed Profile of Sri.M.J.Vijayaraaghavan is annexed.

In the opinion of the Board, Sri.M.J.Vijayaraaghavan, proposed to be appointed as an Independent Director fulfils the conditions specified in the Section 149(6) and other applicable provisions of the Companies Act, 2013 and the rules made there under and that the proposed director is independent of the management. His tenure as Independent Director is for five years counts with effect from 01.04.2014 for the purpose of the Companies Act, 2013.

Except Sri.M.J.Vijayaraaghavan, being an appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the Resolution.

Item No.8

Sri.K.N.V.Ramani, aged 83 years 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 an Independent Director on the Board of Directors of the Company for over 6 years. Detailed Profile of Sri. K.N.V.Ramani is annexed.

In the opinion of the Board, Sri. K.N.V.Ramani, proposed to be appointed as an Independent Director fulfils the conditions specified in the Section 149(6) and other applicable provisions of the Companies Act, 2013 and the rules made there under and that the proposed director is independent of the management. His tenure as Independent Director is for five years counts with effect from 01.04.2014 for the purpose of the Companies Act, 2013.

Except Sri.K.N.V.Ramani, being an appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the Resolution.

Item No.9

Sri.A.M.Palanisamy, aged 64 years practised as a Chartered Accountant for about 16 years with specialization in production planning, financial management and taxation. He is an Independent Director on the Board of Directors of the Company for over 4 years. Detailed Profile of Sri. A.M.Palanisamy is annexed.

In the opinion of the Board, Sri.A.M.Palanisamy, proposed to be appointed as an Independent Director fulfils the conditions specified in the Section 149(6) and other applicable provisions of the Companies Act, 2013 and the rules made there under and that the proposed director is independent of the management. His tenure as Independent Director is for five years counts with effect from 01.04.2014 for the purpose of the Companies Act, 2013.

Except Sri.A.M.Palanisamy, being an appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the Resolution.

Item No.10

Sri.C.Thirumurthy, aged 55 years served as 'Company Secretary' in various Companies mostly related to Spinning Industry. He is an Independent Director on the Board of Directors of the Company for over 3 years. Detailed Profile of Sri.C.Thirumurthy is annexed.

In the opinion of the Board, Sri.C.Thirumurthy, proposed to be appointed as an Independent Director fulfils the conditions specified in the Section 149(6) and other applicable provisions of the Companies Act, 2013 and the rules made there under and that the proposed director is independent of the management. His tenure as Independent Director is for five years counts with effect from 01.04.2014 for the purpose of the Companies Act, 2013.

Except Sri.C.Thirumurthy, being an appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the Resolution.

The Nomination and Remuneration Committee has recommended the appointment of the aforesaid Directors under Item No. 5-10 as Independent Directors for a period of 5 years w.e.f. 01.04.2014.

Item No.11 & 12

The Members of the Company at the Annual General Meeting held on 28.7.2011 had passed the requisite Resolution under Section 293(1) (d) of the Companies Act, 1956 for borrowing by the Company of an amount not exceeding ` 2000 Crores, at any time (apart from temporary loans obtained from the Company's Bankers in ordinary course of business) and for creation of charge to secure the borrowings of the Company.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on September 12, 2013, Sections 180 (1) (a) and 180 (1)(c) of the Companies Act, 2013 have come into force with effect from September 12, 2013. Accordingly, the limits approved by the Members of the Company under Sections 293(1) (a) and 293(1) (d) of the Companies Act, 1956, is valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013. Your Directors are of the view that the business would steadily grow in future and as a result of which, the mobilization of funds may increase. Therefore, it is considered desirable to enhance the limit of borrowings to ` 3000 Crores (Rupees Three Thousand Crores only) apart from temporary loans obtained /to be obtained by the Company from its Bankers in ordinary course of business. In order to comply with the provisions of the Companies Act, 2013, approval of Shareholders by way of Special Resolutions to enhance the limit of borrowings and for creation of charge to secure the borrowings of the Company up to the said borrowing limits have to be obtained and hence the Resolutions are placed for your approval.

Item No.13, 14 & 15

As the earlier terms of appointment of the Chairman and Managing Directors would be expiring on 31.03.2015, the Board of Directors of the Company unanimously decided to re-appoint them for a period of 5 years with effect from 1st April 2015 on a revised Remuneration subject to the approval of Company in General Meeting. Accordingly the Board of Directors referred the proposal for revision of Managerial Remuneration to the Nomination and Remuneration Committee. The Committee, has considered in its Meeting held on 22.05.2014, the appointees gracious and voluntary request to the Committee not to consider any increase in their monthly remuneration level and recommended a revised Remuneration to the Managerial Personnel as stated below. It should be noted that the only change in the term of remuneration compared to earlier appointment is half a percent increase in respect of Commission.

The period of Service, Remuneration payable and terms and conditions applicable to each of Sri. K.P.Ramasamy, Sri. KPD Sigamani, Sri. P.Nataraj with effect from 1st April 2015, are as below:

1. **Terms of Re-appointment:** 5 (Five) years from 01.04.2015 to 31.03.2020
2. **Remuneration**
 - I. **Salary:**
` 6,00,000/- (Rupees Six Lakhs only) per month or ` 72,00,000/- (Rupees Seventy Two Lakhs only) per annum.
 - II. **Provident Fund:**
As per the Rules of the Company and as applicable to other employees of the Company. Contribution to Provident Fund, Superannuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - III **Gratuity:**
As per the Rules of the Company and as applicable to other employees of the Company at a rate not exceeding half a month's salary for each completed year of service.
 - IV. **Encashment of Leave:**
Encashment of Leave at the end of tenure as per the Rules of the Company.
 - V. **Medical Reimbursement:**
Medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of 3 years.
 - VI. **Leave Travel Concession:**
For self and family once in a year in accordance with the Rules of the Company.
 - VII. **Club fees:**
Fees of of Clubs subject to a maximum of two clubs, excluding admission and life membership fees.
 - VIII. **Car, Telephone at Residence:**
Car with driver for use of the Company's business, Mobile Phone and Telephone at residence. Personal and long distance calls and use of car for private purpose shall be billed by the Company.

IX Commission:

2½% (Two and a Half per cent) of the Net Profits of the Company arrived at as per Section 198 of the Companies Act, 2013. The total remuneration including allowances and perquisite shall not exceed the limits specified in Sections 196, 197 and 198 of the Companies Act, 2013 read with Schedule V.

Resumes of the Appointees are annexed to this notice.

Except Sri.K.P.Ramasamy, Chairman, Sri.KPD Sigamani & Sri.P.Nataraj, Managing Directors as appointees and Sri.C.R.Anandakrishnan, Executive Director, as a relative of Sri. K.P.Ramasamy none of the other Directors or Key Managerial Personnel or their relatives is in any way concerned or interested in the Resolutions.

IX. Minimum Remuneration:

In the event of absence or inadequacy of profits in any financial year during the tenure of their re-appointment, they shall be paid the above remuneration subject to the provisions of Schedule V.

By Order of the Board of Directors

Place: Coimbatore

Date: 22.05.2014

K.P.Ramasamy

Chairman

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE:

Name of the Director	K.P.Ramasamy Executive Chairman	KPD Sigamani Managing Director	P.Nataraj Managing Director
Date of Birth	01.05.1949	04.08.1953	04.08.1957
Date of appointment	09.01.2007	09.01.2007	09.01.2007
Expertise in specific functional area	Sri.K.P.Ramasamy, the Chairman of KPR Group has over 37 years of experience in the Textile Industry. His Innovative thoughts on Human Resources and Business Planning have made KPR Mill Limited a trend setter in the Industry. His concern for Green energy enabled KPR Mill Limited to source 100% of its power requirement through in-house Wind and Co-gen Power. He monitors the Projects, HR and Production activities. The tireless and sustained efforts of Sri.K.P.Ramasamy and his Brothers Sri.KPD Sigamani & Sri.P.Nataraj enabled KPR Group to achieve a Turnover of more than ` 2400 Crores through its 12000 employees. As a Rotarian, he has sponsored several Welfare Projects. He is also a Trustee in K.P.R. Charities that runs KPR Institute of Engineering and Technology and KPR School of Business extending quality education to the society.	Sri. KPD Sigamani, a Post Graduate in Mathematics is a Managing Director of KPR Mill Limited. He has over Three Decades of experience in the Apparel Industry specialized in the production and marketing of knitted Apparel. His travel across the Globe gained an in-depth knowledge on Export of Apparel. He currently heads the Apparel Division, the major contributor to the export business of the company. KPR Mill is one of those Export units that enabled elevation of the Knit wear Town 'Tirupur', to a pre-dominant position among the exporting fraternity in India. It is his un-tiring efforts that have garnered substantial revenue for KPR Mill through exports. As a Rotarian, he has rendered various social welfare services to the needy people. He is a Trustee of "Mother Care Value Trust Hospital", promoted by an internationally reputed importer M/s Mother Care, providing free medical treatment for children and expectant mothers. He is also a Trustee in K.P.R. Charities.	Sri.P.Nataraj, a Science Graduate and Fellow Member of the Institute of Chartered Accountants of India is a Managing Director of KPR Mill Limited. He has over 25 years of experience in the Apparel industry, especially in marketing of fabric, knitted apparel & cotton yarn. Besides the above, with his rich knowledge he is handling Financial Management, Internal Control, Project implementation and Cotton procurement of the Company. Under his guidance and active participation the Company successfully concluded Public issue of Shares at Premium and listing of Equity shares. He is a Member in 'Cotton Yarn Advisory Board' Constituted by the Government of India and a Director in the Confederation of Indian Textile Industry (CITI). He is the Vice-president of Indian Cotton Federation and a Vice-Chairman of South India Mills Association (SIMA). As an active Melvin Jones Fellowship Member of Lions Club he has conducted free Eye Camps, free Blood Donation Camps and various other social activities. He is a Trustee in Aaliyar Arivu Thirukovil, Pollachi that spreads awareness in Meditation, Yoga, Women upliftment and other social welfare activities. He is also a Trustee in K.P.R. Charities.
Qualification	Pre-University College Education	M.Sc.	B.Sc., F.C.A.

Directorship held in other Public Companies (excluding foreign and private companies)	1) K.P.R Developers Limited 2) K.P.R. Sugar Mill Limited 3) Galaxy Knits Limited	1) K.P.R Developers Limited 2) K.P.R. Sugar Mill Limited 3) Galaxy Knits Limited	1) K.P.R Developers Limited 2) K.P.R. Sugar Mill Limited 3) Galaxy Knits Limited
Chairmanship / Membership of Committees in other Indian Public Companies	NIL	NIL	NIL
Shareholding in the Company – No. of Shares	8127684	8128634	8127733
Relationship between directors inter-se	Brothers: KPD Sigamani P.Nataraj Son : C.R.Anandakrishnan	Brothers: K.P.Ramasamy P.Nataraj	Brothers: K.P.Ramasamy KPD Sigamani

Name of the Director	Sri.Shujaat Khan	Dr.K.Sabapathy	Sri.G.P.Muniappan
Date of Birth	18.01.1970	04.06.1955	29.05.1941
Date of appointment on the Board	14.11.2006	21.02.2007	24.03.2008
Qualifications	M.B.A	M.Sc., M.Phil., PhD	University Rank Holder in M.A.Economics. C.A.I.I.B., P.G. Diploma in Bank Management
Expertise in specific functional area	Sri. Shujaat Khan, an MBA from Harvard University, represents the Private Equity Investors in the Board since November 2006 as Non-Independent Non- Executive Director. He has over 20 years of experience in Investment Banking and Private Equity activities. He was the Managing Director of Chrys Capital and worked with Merrill Lynch International, Travelers Group, New York. He is the Managing Director of Blue River Capital Advisors (India) Private Limited.	Dr.K.Sabapathy is a Post Graduate in Science and Philosophy and a Doctorate in Physics. After a brief span of Teaching at Colleges, he became a Member of the Coimbatore Stock Exchange and was its Vice President during 2003 and 2005. He was also a Director of Inter Connected Stock Exchange of India Limited, Mumbai from 2002 to 2005. He is associated with the Company as an Independent Director since 2007 and is the Chairman of the Stakeholders Relationship Committee.	Sri.G.P.Muniappan, joined R.B.I. during 1965 as Junior Officer. His dedication and efficiency elevated him to the highly responsible and prestigious position of 'Deputy Governor' of R.B.I in 2001, after serving its various Departments in different capacities viz., Regional Director, Executive Director etc. He also held high positions such as Chairman of Bank of Madura, R.B.I.'s Nominee on the Boards of SEBI, Indian Overseas Bank, Indian Bank and as a Trustee of U.T.I. He has specialized in the areas of Forex Management, Banking operations, Banking Regulations and supervision. He is associated with the Company as an Independent Director since 2008.
Directorship held in other Public Companies (excluding foreign and private companies)	1) Rane Holdings Limited 2) KMC Constructions Limited	1) Coimbatore Capital Limited	1) K.G.Denim Limited
Chairmanships/ Memberships of Committee across	KMC Constructions Limited Compensation & Audit Committee - Chairman	Coimbatore Capital Limited	K.G.Denim Limited Stakeholders Relationship Committee - Member
Shareholding in the Company – No. of Shares	Nil	Nil	Nil
Relationship between directors inter-se	None	None	None

Name of the Director	Sri.M.J.Vijayaraaghavan	Sri. K.N.V.Ramani	Sri. A.M.Palanisamy
Date of Birth	03.08.1932	05.10.1931	15.08.1950
Date of appointment	21.02.2007	27.6.2008	22.02.2010
Expertise in specific functional area	Sri.M.J.Vijayaraaghavan is a Chartered Accountant with over four decades of experience. He is the senior partner of reputed Chartered Accountant Firm M.S. Jagannathan & Visvanathan who are the Statutory Auditors of Leading companies located in Coimbatore, Bangalore and in the State of Kerala. Besides being a Senior Partner in a few other Chartered Accountant Firms. He is an Independent Director and the Chairman of the Audit Committee & Nomination and Remuneration Committee.	Sri.K.N.V. Ramani, is a Corporate Lawyer with more than 50 years of active practice specializing in Corporate Laws, Taxation and Labour Laws. He is the Legal Advisor for many reputed Companies, PSUs, Banks and Financial Institutions etc. He is presently the Senior Partner of the Law firm M/s. Ramani & Shankar, Advocates, Coimbatore. He is associated with the Company as an Independent Director since 2008.	Sri. A.M.Palanisamy, is a Commerce Graduate and Fellow Member of The Institute of Chartered Accountants of India. After Practicing for about 16 years specializing on Production, Planning, Financial Management and Taxation, he became an Entrepreneur. He is the Chairman of Aerospace Materials Private Limited, a unique Company Manufacturing and supplying materials required for Space Vehicle (Suppliers to ISRO). He is also the Managing Trustee of reputed Schools and a Trust. He is a Member in Systems Society of India and Indian Carbon Society. He is associated with the Company as an Independent Director since 2010.
Qualification	F.C.A	B.L., M.A.	F.C.A
Directorship held in other Public Companies (excluding foreign and private companies)	1) K.G. Denim Limited	1) Bannari Amman Spinning Mills 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 7) Sree Sankara College Association	1) Kovai Medical Centre and Hospital Limited 2) Coimbatore Central Co-Operative Bank Limited
Chairmanship / Membership of Committees in other Indian Public Companies	Nil	1) Bannari Amman Spinning Mill Ltd Audit Committee – Member Nomination and Remuneration Committee – Member 2) Sri Kannapiran Mills Ltd Audit Committee – Chairman Nomination and Remuneration Committee – Chairman 3) Sri Chamundeswari Sugars Ltd Nomination and Remuneration Committee – Chairman 4) K.G. Denim Limited Audit Committee – Member Nomination and Remuneration Committee – Chairman 5) L.G.B. Forge Limited Nomination and Remuneration Committee – Chairman 6) Shiva Texyarn Ltd Audit Committee – Chairman	Kovai Medical Center and Hospital Limited: Chairman - Audit Committee
Shareholding in the Company – No. of shares	100	Nil	Nil
Relationship between directors inter-se	None	None	None

Name of the Director	Sri.C.Thirumurthy
Date of Birth	16.04.1959
Date of appointment	31.01.2011
Expertise in specific functional area	Sri. C.Thirumurthy, B.Com, B.L is a Fellow Member of The Institute of Company Secretaries of India and is Practicing as Company Secretary since 2003. He served as 'Company Secretary' in reputed Companies, mostly related to Spinning Industry. During his career, he handled Public Issue, liaised with Banks and Financial Institutions, besides attending matters related to Income tax, Sales Tax and Central Excise. He has held various Positions in the Coimbatore Chapter of the Institute of Company Secretaries of India and is a part - time faculty for law related subjects. He is a Rotarian and a Member of Board of Studies of a few Colleges. A regular Speaker in various forums on corporate law related subjects. He is associated with the Company as an Independent Director since 2011.
Qualification	F.C.S
Directorship held in other Public Companies (excluding foreign and private companies)	Salona Cotspin Limited
Chairmanship / Membership of Committees in other Indian Public Companies	Salona Cotspin Limited: Audit Committee, Remuneration Committee - Member
Shareholding in the Company – No. of shares	175

The aforesaid Independent Directors fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder for their appointment as independent Directors under Section 149 and other applicable provisions of the Companies Act, 2013 and are independent in compliance with Clause 49 of the Listing Agreement.



K.P.R. MILL LIMITED

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

Phone: 0422-2478090 Fax: 0422-2478050

CIN: L17111TZ2003PLC010518

Email: corporate@kprmill.com Web: www.kprmilllimited.com

Dear Shareholder(s)

22.05.2014

Sub: Service of Documents through Electronic Mode

The Ministry of Corporate Affairs, Government of India, has notified Section 101 of the Companies Act, 2013 and the other Rules governing the said Act. As per Rule 18 (3) (1) of Chapter VII and Rule 11 of Chapter IX the Company is requesting for a positive consent from the members to receive Notices of General Meeting / Postal Ballot, Annual Report and other shareholders communication. This will enable you to receive such Notice(s) / Annual Report(s) / Document(s) / Communication(s) etc. promptly without loss in postal transit. Once we receive your positive consent, henceforth, Notices of meetings, Annual Reports, Directors Report, Auditors Report and other shareholders communication will be sent to you electronically to your email address as provided by you AND /OR made available to the Company by the Depositories viz. National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL). As and when there are changes in your e-mail address, you are requested to update the same with your Depository Participant (DP). For shares held in physical form, you can register your email address with the Company's Registrar M/s. Karvy Computershare Private Limited mentioning your name(s) and folio number.

Please note that if you still wish to get a physical copy of the above documents, the Company will send the same, free of cost, upon receipt of a request from you.

We look forward to your support.

Thanking you

Yours sincerely

For K.P.R. MILL LIMITED

P. Kandaswamy
Company Secretary

To

K.P.R. MILL LIMITED

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

Phone :0422-2478090 Fax:0422-2478050

As per your letter dated _____ I / we submit to you as under:

- 1) I/we hereby give my / our CONSENT to the Company to use my/our registered email id in my/our demat account with the Depository Participant for serving members related documents, under the Companies Act, 2013. (Please tick mark ☒ appropriately)

DP ID / CLIENT ID: _____

Yes / No

- 2) Kindly use my / our Email id : _____ for serving the documents for Physical Folio No. _____

Yes / No

Thanking you

Yours faithfully

Name of Sole / First Holder : _____ Signature _____



K.P.R. MILL LIMITED

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Phone: 0422-2478090 Fax: 0422-2478050
CIN: L17111TZ2003PLC010518

Email: corporate@kprmill.com Web: www.kprmilllimited.com

Dear Shareholder(s)

22.05.2014

Sub: Service of Documents through Electronic Mode

The Securities and Exchange Board of India (SEBI) has made it mandatory for all Companies to use the bank account details furnished by the Shareholders for depositing dividends. Dividends will be credited to the Members bank account through NECS wherever complete core banking details are available with the Company. In case where the core banking details are not available, dividend warrants will be issued to the members with bank details printed thereon as available in the Company's records. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors.

Accordingly, Shareholders holding shares in Physical form may kindly arrange to forward the appended NECS form duly completed and signed to our Registrar and Share Transfer Agent for necessary action. Shareholders holding shares in DEMAT/ELECTRONIC form may kindly arrange to update their bank particulars with their respective Depository Participants.

Thanking you

Yours sincerely

For K.P.R. MILL LIMITED

P. Kandaswamy
Company Secretary

NATIONAL ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM

To

K.P.R. MILL LIMITED

Registered Office: No.9, Gokul Buildings, 1st Floor,
A.K.S. Nagar, Thadagam Road, Coimbatore – 641 001.
Phone :0422-2478090 Fax:0422-2478050

Dear Sir

Sub: Change in mode of payments to NECS.

I/we hereby consent to have the amount of dividend on my / our equity shares credited through National Electronic Clearing Service (NECS)
Particulars are as under:

1. Folio Number

2. Shareholders Name

3. Address

4. Particulars of the Bank

i) Name of the Bank / Branch and address:

ii) 9 Digit Code No. of the Bank and Branch _____ Tel No. _____
(Please attach a photocopy / cancelled cheque issued by your bank)

iii) Account No. _____ Account type : S.B./ Current / Cash Credit

iv) Date from which mandate should be effective _____

I/we, hereby declare that particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold Company / Registrar and Share Transfer Agent of the Company responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through NECS.

Signature of the Shareholder:



K.P.R. MILL LIMITED

CIN: L17111TZ2003PLC010518

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

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

Ph: 0422-2207777 Fax: 0422-2207778

Email Id : corporate@kprmil.com Website : www.kprmillimited.com

July 28, 2014

Ref : Folio No. / DPID & Client ID : _____

Name of Holder : _____

Dear Shareholder(s),

Sub.: Sub: Notice of 11th Annual General Meeting and Annual Report for FY 2013-14

We are pleased to inform you that your Company has implemented "Green Initiative in Corporate Governance" taken by the Ministry of Corporate Affairs, whereby Companies send notices /documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors Report, Auditors Report) to their shareholders at their registered email addresses through electronic mode.

Pursuant to the aforesaid initiative, we wish to inform you that Notice for the 11th Annual General Meeting of the Company and Annual Report for the FY 2013-14 have been uploaded on the website of the Company www.kprmillimited.com.

The 11th Annual General Meeting of the Company is scheduled to be held on **Wednesday, August, 27th 2014 at 11.30 AM at Ball Room, Hotel Residency 1076, Avinashi Road, Coimbatore - 641018.**

Please click the link below to download the Notice of A.G.M and Annual Report of the Company for FY 2013-14.

Notice of A.G.M

Annual Report - 2013-14

The e-voting portal will open from **Thursday, August 21, 2014 at 9.00 am and will end at 6.00 pm on Saturday, August 23, 2014. The e-voting module will be disabled on August 23, 2014 at 6.00 pm.** The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date, being July 18, 2014. Please cast your vote by accessing the website and following the instructions given below Or, <https://evoting.karvy.com> and logging-in by using the following user ID and password:

PROCEDURE FOR E-VOTING

EVEN (E-Voting Event Number)	User ID	Password / PIN
1198		

All future shareholders communication would be sent in electronic form to this e-mail address. Shareholders holding shares in Demat mode may please inform any change in e-mail address to their Depository Participant and members holding shares in physical mode may inform by writing to the Registrar & Transfer Agents of the Company at the following address:

Karvy Computershare Private Limited

Unit : K.P.R Mill Limited

Plot No. 17 to 24

Vittal Rao Nagar, Madhapur

Hyderabad - 500 081

Phone No. : 91-040-2342 0818 Fax: 91-040-2342 0814

Email : einward.ris@karvy.com

With Regards,

For KPR MILL LIMITED

P Kandaswamy

Company Secretary

PROCEDURE FOR E-VOTING

In terms of Clause 35 B of the Listing Agreement, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, July 18, 2014, i.e. the cut-off date taken by the Company for dispatch of the Annual Report and the Notice calling the Annual General Meeting. **The e-voting period will commence from Thursday, August 21, 2014 at 9.00 am and will end at 6.00 pm on Saturday, August 23, 2014. The e-voting module will be disabled on August 23, 2014 at 6.00 pm.** The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date, being July 18, 2014.

The Company has entered into an arrangement with Karvy Computershare Private Limited (Karvy) for facilitating e-voting for AGM. The instructions for e-voting are as under:

1. Open your web browser during the voting period and navigate to '<https://evoting.karvy.com>'
2. Enter the login credentials (i.e. user-id & password) mentioned on the Attendance Slip/ Email forwarded through the electronic notice.

User –ID	For Shareholder(S)/ Beneficial Owner(S) Holding Shares In Demat Form:- a) For NSDL:- 8 Characters DP ID Followed By 8 Digits Client ID b) For CDSL:- 16 Digits Beneficiary ID For Members holding shares in Physical Form:- • Folio Number registered with the company
Password	Your Unique password is printed on the AGM Attendance Slip / sent via email forwarded through the electronic notice.(Printed on the reverse of this page)
Captcha	Enter the Verification code for security reasons i.e., please enter the alphabets and numbers in the exact way as they are displayed.

3. After entering these details appropriately, click on "LOGIN".
4. Members holding shares in Demat/Physical form will now reach password change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like *, #, @ etc.). Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly ensure that you note down your password for future reference.
5. You need to login again with the new credentials.
6. On successful login, system will prompt to select the 'Event' i.e., '**K.P.R. Mill Limited**'.
7. If you are holding shares in Demat form and had logged on to <https://evoting.karvy.com> and casted your vote earlier for any other company, then your existing login id and password are to be used.
8. On the voting page, you will see Resolution Description and against the same the option '**FOR/AGAINST/ABSTAIN**' for voting. Enter the number of shares under '**FOR/AGAINST/ABSTAIN**' or alternatively you may partially enter any number in '**FOR**' and partially in '**AGAINST**', but the total number in '**FOR/AGAINST**' taken together should not exceed your total shareholding. If you do not want to cast a vote, you may select '**ABSTAIN**'.
9. After selecting the resolution if you have decided to cast vote on the same, click on "**SUBMIT**" and a confirmation box will be displayed. If you wish to confirm your vote, click on "**OK**", else to change your vote, click on "**CANCEL**" and accordingly modify your vote.
10. Once you '**CONFIRM**' your vote on the resolution, you will not be allowed to modify your vote.
11. Corporate/Institutional Members (corporate /FIs/Flls/Trust/Mutual Funds/Banks, etc) are required to send scanned copy (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to vetrivelfca@gmail.com with a copy to evoting@karvy.com. The file scanned image/pdf file of the Board Resolution should be in the naming format "Corporate Name".

Contact for issues relating to e-voting: M/s.Karvy Computershare Private Limited, plot No.17-24, Vittal Rao Nagar, Madhapur, and Hyderabad 500 081. Toll Free Number: 1-800-3454-001



K.P.R. MILL LIMITED

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Phone: 0422-2478090 Fax: 0422-2478050

CIN: L17111TZ2003PLC010518

Email: corporate@kprmill.com Web: www.kprmilllimited.com

Form No. MGT-11

PROXY FORM

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

Name of the Member (s) :

Registered Address :

E-mail ID :

Folio No. Client Id, DP ID :

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

1. Name : Address:

E-mail ID : Signature:

or failing him,

2. Name : Address:

E-mail ID : Signature:

or failing him,

3. Name : Address:

E-mail ID : Signature:

as my / our proxy to attend and vote (on a Poll) for me / us and on my / our behalf at the 11th Annual General Meeting of the Company, to be held on Wednesday, 27th August 2014, at 11.30 AM at Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore - 641 018 and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	Description of Resolution	(Ordinary / Special)	Optional	
			For	Against
1	Adoption of Annual Financial Statement as on 31 st March, 2014	Ordinary		
2	Declaration of Dividend	Ordinary		
3	Re-appointment of Sri. Shujaat Khan, as Director retiring by rotation	Ordinary		
4	Appointment of the Statutory Auditors of the Company and fix their remuneration	Ordinary		
5	Appointment of Dr.K.Sabapathy as an Independent Director	Special		
6	Appointment of Sri.G.P.Muniappan as an Independent Director	Special		
7	Appointment of Sri.M.J.Vijayaraaghavan as an Independent Director	Special		
8	Appointment of Sri.K.N.V.Ramani as an Independent Director	Special		

Resolution No.	Description of Resolution	(Ordinary / Special)	Optional	
			For	Against
9	Appointment of Sri.A.M.Palanisamy as an Independent Director	Special		
10	Appointment of Sri.C.Thirumurthy as an Independent Director	Special		
11	According consent to the Board for Borrowings u/s 180 (1)(c) of the Companies Act, 2013	Special		
12	Authorising the Board to create security for Borrowings u/s 180 (1)(a) of the Companies Act, 2013	Special		
13	Re-appointment of Sri. K.P.Ramasamy as Executive Chairman at a Remuneration	Special		
14	Re-appointment of Sri. KPD Sigamani as Managing Director at a Remuneration	Special		
15	Re-appointment of Sri. P.Nataraj as Managing Director at a Remuneration	Special		

Signed this day of2014

Affix ₹ 1
Revenue
Stamp

Signature of shareholder

Signature of Proxy holder(s)

Note:

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



K.P.R. MILL LIMITED

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

Phone: 0422-2478090 Fax: 0422-2478050

CIN: L17111TZ2003PLC010518

Email: corporate@kprmill.com Web: www.kprmilllimited.com

POSTAL BALLOT FORM

(in lieu of E-Voting at the AGM)

1	Name of Sole/ First Member	
2	Name(s) of Joint Member(s), if any	
3	Registered Folio No./ DP ID No./ Client ID No.	
4	Number of shares held	

I /We hereby exercise my/our vote in respect of the Resolution(s) to be passed through Postal Ballot for the business stated in the AGM Notice dated 22nd May, 2014 of the Company by conveying my / our assent (for) or dissent (against) or abstain to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below

Item No. in Notice	Description	No.of Shares held	For	Against	Abstain
1	Adoption of Annual Financial Statement as on 31 st March, 2014 (Ordinary Resolution)				
2	Declaration of Dividend (Ordinary Resolution)				
3	Re-appointment of Sri. Shujaat Khan, as Director retiring by rotation (Ordinary Resolution)				
4	Appointment of the Statutory Auditors of the Company and fix their remuneration (Ordinary Resolution)				
5	Appointment of Dr. K.Sabapathy as an Independent Director (Special Resolution)				
6	Appointment of Sri. G.P.Muniappan as an Independent Director (Special Resolution)				
7	Appointment of Sri. M.J.Vijayaraaghavan as an Independent Director (Special Resolution)				
8	Appointment of Sri. K.N.V.Ramani as an Independent Director (Special Resolution)				
9	Appointment of Sri. A.M.Palanisamy as an Independent Director (Special Resolution)				
10	Appointment of Sri. C.Thirumurthy as an Independent Director (Special Resolution)				
11	According consent to the Board for Borrowings u/s 180 (1)(c) of the Companies Act, 2013 (Special Resolution)				
12	Authorising the Board to create security for Borrowings u/s 180 (1)(a) of the Companies Act, 2013 (Special Resolution)				
13	Re-appointment of Sri. K.P.Ramasamy as Executive Chairman at a Remuneration (Special Resolution)				
14	Re-appointment of Sri. KPD Sigamani as Managing Director at a Remuneration (Special Resolution)				
15	Re-appointment of Sri. P.Nataraj as Managing Director at a Remuneration (Special Resolution)				

Place:

Date:

Signature of Member

NOTE: Kindly read the instructions printed overleaf. Last date for receipt: 23.08.2014.

INSTRUCTIONS

01. In terms of Clause-35B of the Listing Agreement, those members, who do not have access to e-voting facility provided by the Company for the AGM may send their assent or dissent in writing on the Postal Ballot Form. Accordingly, this Postal Ballot Form is being provided as per Clause 35 B of the Listing Agreement.
02. A member desiring to exercise his/her vote by Postal Ballot Form should complete this Postal Ballot Form, sign and send in the enclosed self addressed postage prepaid envelope so as to reach the Scrutiniser as per instruction 6 below at the address Sri.A.Vetrivel, Chartered Accountant, 1/1, Seth Narayan Das Layout, 2nd Street, Tatabad, Coimbatore - 641012. Postage will be borne and paid by the Company. Envelopes containing Postal Ballots, if deposited in person or sent by courier at the expense of the members will also be accepted.
03. The self addressed envelope bears the name of the Scrutiniser appointed by the Board of Directors of the Company and the address at which the Postal Ballot Form is to be sent.
04. The postal ballot form should be completed and signed by the members. In the case of joint shareholding, this form should be completed and signed by the first named member and in his absence, by the next named member(s). Unsigned Postal Ballot forms will be rejected. The signature on the postal ballot form must tally with the specimen signature registered with the Company.
05. Where the postal ballot form has been signed by an Authorised Representative of a body corporate, a certified copy of the relevant authorisations to vote on the postal ballot should accompany the postal ballot form. A member may sign the form through an Attorney appointed specifically for this purpose, in which case an attested true copy of the Power of Attorney should be attached to the postal ballot form.
06. Duly completed postal ballot forms should reach the Scrutiniser not later than 5.00 p.m on 23rd August, 2014. **Any postal ballot form received after this time and date will be treated as if the reply from the member has not been received.**
07. A member may request for a duplicate postal ballot form, if so required. However, the duly filled in duplicate postal ballot form should reach the Scrutiniser not later than the time and date specified at Item No.6 above.
08. Voting rights will be reckoned on the paid up value of shares registered in the name of the member on 18 July, 2014 which is the cut off date fixed for this purpose.
09. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self addressed postage prepaid envelope in as much as all such envelopes will be sent to the Scrutiniser and any extra paper found in such envelope would be destroyed by the Scrutiniser.
10. There will be only one postal ballot form for every folio irrespective of the number of joint member(s).
11. A member need not use all the votes nor does he need to cast all the votes in the same way.
12. The Scrutiniser's decision on the validity of a postal ballot will be final and binding.
13. Incomplete, unsigned or incorrect postal ballot forms will be rejected.
14. The date of AGM will be the deemed date of passing resolution(s) through e-voting / postal ballot. It may also be noted that, in terms of Section 114 of the Act, the Resolutions contained in the AGM Notice will be deemed to have been passed through the e-voting and postal ballot form. Accordingly, the results shall be declared in terms of Rules 20 or 21 of the Companies (Management and Administration) Rules 2014.
15. The right of vote under e-voting and postal ballot shall not be exercised by a proxy.