



**2009**  
**Annual Report**

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**KLRF Limited**

## ***KLRF Limited***

### **Board of Directors**

**Sudarsan Varadaraj**

**S.Govindan**

**K.Gnanasekaran**

**J.Chandrakanthi**

Vice Chairman

**Suresh Jagannathan**

Managing Director

**V.N.Jayaprakasam**

Executive Director

**Dr.R.Sethumadhavan**

Nominee Director - IREDA

### **Auditor**

**P.Marimuthu, B.Com., F.C.A.,**

*Chartered Accountant, Tirunelveli*

### **Branch Auditors**

**M/s Srivatsan and Gita**

**M/s Surl & Co.,**

Chartered Accountants

### **Bankers**

Canara Bank

Indian Overseas Bank

Punjab National Bank

IDBI Bank Ltd.,

### **Registered Office**

75/8, Benares Cape Road,

Gangalkondan - 627 352

### **Administrative Office**

1054/21, Avanashi Road,

Coimbatore-641 018

### **Food Division**

Gangalkondan - 627 352

### **Textile Division**

Gangalkondan - 627 352

N.Subbiahpuram - 626 205

### **Engineering Division**

Coimbatore - 641 020

### **Registrar and Share Transfer Agents**

Link Intime India Private Limited

"Surya" 35, Mayflower Avenue,

Senthil Nagar, Sowripalayam Road,

Coimbatore - 641 028, Tamilnadu.

Telephone : 0422 - 2315792, 2314792

Telefax : 0422 - 2314792

E-mail : coimbatore @ linkintime.co.in

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## **NOTICE**

Notice is hereby given that the Fortyseventh Annual General Meeting of the Company will be held on Thursday the 24<sup>th</sup> September, 2009 at 10.45 a.m., at the Company's Registered Office at Gangalkondan, Tirunelveli District to transact the following business.

### **ORDINARY BUSINESS**

1. To consider and adopt the Balance Sheet as at 31.03.2009 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditor thereon.
2. To appoint a Director in the place of Sri. K. Gnanasekaran who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri. S. Govindan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint an Auditor and fix his remuneration.

### **SPECIAL BUSINESS**

5. **To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.**

"Resolved that pursuant to Section 228 (3) of the Companies Act, 1956, M/s Srivatsan and Gita, Chartered Accountants, Coimbatore be and are hereby appointed as Branch Auditor of the Company to hold office upto the conclusion of the next Annual General Meeting to audit the books of accounts of the Sheet Metal Division, Coimbatore for the financial year 2009 – 2010 on a remuneration of Rs.35,000/- (Rupees thirty five thousand only) excluding applicable taxes and out of pocket expenses incurred in connection with the audit."

6. **To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.**

"Resolved that pursuant to Section 228 (3) of the Companies Act, 1956, M/s Suri & Co., Chartered Accountants, Coimbatore be and are hereby appointed as Branch Auditor of the Company to hold office upto the conclusion of the next Annual General Meeting to audit the books of accounts of the Foundry Division, Coimbatore for the financial year 2009 – 2010 on a remuneration of Rs.1,10,000/- (Rupees one lakh ten thousand only) excluding applicable taxes and out of pocket expenses incurred in connection with the audit."

### **Explanatory Statement under Section 173 (2) of the Companies Act, 1956**

#### **Item No.5 and 6**

As per Section 228 (3) of the Companies Act, 1956, Branch Auditors are required to be appointed at the General Meetings. Accordingly, Branch Auditors are being appointed at every annual general meeting for the respective financial year to audit the accounts of the Coimbatore branches of our Company.

The proposed resolution set out in Item No.5 and 6 of the Notice seeks the authorization of the members to appoint Branch Auditors for the year 2009-2010.

None of the directors of the company is, in any way, concerned or interested in the said resolution.

**Notes**

1. **A member entitled to attend and vote at a 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.**
2. **Instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
3. The register of members and share transfer books of the Company will remain closed from 17<sup>th</sup> September to 24<sup>th</sup> September, 2009 (both days inclusive).
4. Pursuant to Section 205-A, of the Companies Act, 1956, unclaimed dividends up to and including financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants relating to financial year(s) upto and including 1994 - 95 may claim the same from the Registrar of Companies, No.26, Haddows Road, Chennai - 600 006 in the prescribed form which will be supplied by the Company / Registrar and Transfer Agent on request.
5. In terms of the amendment to Section 205 A and introduction of Section 205C by the Companies (Amendment) Act, 1999, dividend for the financial year from 1995 - 1996 to 2000-2001 have already been transferred to Investors' Education and Protection Fund.
6. Members who have till date not encashed their dividend warrants for the financial year 2001-2002 or any subsequent financial years are advised to claim the dividend from the Company after filing indemnity / any other proof for their unclaimed dividend at the earliest. It may also be noted that once unclaimed dividends are transferred to the Investors' Education and Protection Fund, Members will lose their claim on these dividends.
7. Members are requested to intimate their bank account number and branch address with their Folio No. to the Registrar and Transfer Agent for incorporation in the dividend warrants. Members are also requested to address all related correspondence to the Registrar and Transfer Agent.
8. Members who are holding shares in more than one folio are requested to write, to the Registrar and Transfer Agent immediately enclosing their share certificate (s) for consolidation of their holdings in one folio.
9. Reappointment of Directors

A brief resume, nature of experience in specific functional areas and other directorship of committees in respect of appointment / re-appointment of Directors are given in terms of clause 49 of the listing agreement.

a) Name	:	K.Gnanasekaran
Age	:	57 years
Qualification	:	B.Com., F.C.A.,
Expertise	:	30 years of experience in Finance and Accounts

***KLRF Limited***

Name of the Company	Position held	Membership of the Committee
Magna Electro Castings Ltd.,	Director	Audit Committee - Member
Treadsdirect Ltd.,	Director	Audit Committee - Chairman
Single Window securities Ltd.,	Director	Nil

b) Name : S.Govindan  
Age : 73 years  
Qualification : L.T.M.  
Expertise : 47 years experience in Textile Industries  
Other directorships : Nil

By Order of the Board

Place : Coimbatore  
Date : 4<sup>th</sup> June, 2009

S.Govindan  
Director

Suresh Jagnathan  
Managing Director



The Textile Division has sustained a net loss of Rs.509.50 lakhs after charging Rs.2.40 lakhs as Voluntary Retirement Scheme Compensation and terminal benefits .

Engineering Division has sustained a net loss of Rs.209.68 lakhs after charging Rs.50.55 lakhs as Voluntary Retirement Scheme Compensation and terminal benefits.

### **DIVIDEND**

Your Directors are unable to recommend a dividend on the paid-up equity share capital of the Company for the year ended 31<sup>st</sup> March, 2009.

### **CAPITAL INVESTMENT**

We have made a total capital investment of Rs.605 lakhs. An amount of Rs.255 lakhs was invested in engineering division, Rs.122 lakhs in Food Division and Rs.228 lakhs was invested for modernizing the Textile Division. These investments will result in increase of production and improvement in quality. This capital investment was funded from internal accruals, term loans from Punjab National Bank and IDBI Bank Ltd.,

### **ECONOMIC OUTLOOK FOR THE YEAR**

Prevailing stable political condition offers an opportunity for earlier implementation of policy and monetary reforms.

Reduction in financial cost and liberal access to credit will be a great stimulus for growth of industry and business.

An earlier than anticipated revival from recession might materialize.

### **Opportunities, Challenges, Risks & Concerns**

#### **Food Division**

Wheat production in the crop year 2009 is anticipated to be little in excess of last years 74 million tones.

This ensures adequate availability of wheat throughout the year.

Comfortable stock levels of wheat and rice might lead to liberalization of wheat products export.

This will result in increased utilization of the milling capacity and improved profits.

#### **Textile Division**

There appears to be encouraging signs of early recovery from world economic recession.

Benefits of modernization in this division will help in increasing range of production and in establishing newer markets.

Substantial cotton availability with government agencies ensures availability of cotton throughout the year at stable prices

All the above factors will be conducive for the growth and profitability of this division.

#### **Engineering Division**

Growth oriented policies of government will lead to earlier revival of automobile, farm equipment and capital goods industries to which both foundry and sheet metal divisions caters to.

Benefit of modernization in both foundry and sheet metal divisions will result in higher productivity, lower rejection rate and access to newer markets, thereby to improved profitability.

A much prolonged recession, likely increase in inflation level and consequent increase in input costs, currency fluctuation are negative factors for all divisions.

Your Company is endowed with a well qualified, experienced management team, supported by equally qualified team of colleagues, ensures continuous monitoring of developments and timely remedial action.

### **FOREIGN EXCHANGE DERIVATIVE CONTRACT**

The Company has entered in to a derivative contract for a value of Rs.500 lakhs which will mature during the accounting year 2009 - 10. This contract was unwound during May, 2009 resulting in a loss of Rs.97,88,700/- which will reflect in the financial year 2009 - 10.

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Planned periodic reviews are carried out resulting in identification of control deficiencies and formulation of time bound action plans to improve efficiency. The adequacy of the internal control systems are reviewed by the Audit Committee of the Board of Directors. This, supplemented with existing periodical management reviews, will enable the company to improve its monitoring system at all levels.

The company has internal control procedures commensurate with its size and the nature of its business for purchase of raw materials, plant and machinery, components and other items and sale of goods.

### **SEGMENT-WISE AND PRODUCT-WISE PERFORMANCE**

Segment-wise and product-wise results are given separately under segment reporting.

### **FINANCE**

Your company continued to avail need based working capital facilities from Canara Bank and Indian Overseas Bank.

### **CORPORATE GOVERNANCE**

A report on corporate governance is annexed to this report. The Company has complied with the conditions relating to the above as stipulated in Clause 49 of the listing agreement. The certificate from the statutory auditor relating to the above is annexed.

### **FIXED DEPOSITS**

The Company continued to accept fixed deposits during the year and there were no unclaimed deposits as on 31.03.2009.

### **DIRECTORS**

Sri.S.Govindan and Sri.K.Gnanasekaran retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

We place on record, with deep sorrow, the sudden demise of our beloved Director Sri.N.V.Srinivasan. The Company is grateful for the valuable services he has rendered as director of this company for 30 years.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Sec 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that;

- (i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such 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 Loss of the company for the year under review.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records 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 prepared the annual accounts for the financial year ended 31<sup>st</sup> March 2009 on a going concern basis.

## **AUDITORS**

Sri.P.Marimuthu, Auditor of the Company will retire at the forthcoming Annual General Meeting and is eligible for re-appointment.

Srivatsan and Gita, Chartered Accountants, Coimbatore have been proposed to be appointed as Branch Auditors of the Company to audit the books of accounts of the sheet metal division of the company for the period 2009-2010 subject to the approval of the shareholders in the ensuing Annual General Meeting.

Suri & Co., Chartered Accountants, Coimbatore are being proposed to be appointed as Branch Auditors of the Company to audit the books of accounts of the foundry division of the company for the period 2009-2010 subject to the approval of the shareholders in the ensuing Annual General Meeting.

Sri.M.Kannan, Cost Accountant has been appointed as Cost Auditor for the year 2009-2010 subject to approval by the Central Government.

## **PERSONNEL**

Particulars under Section 217 (2A) are not applicable, as no employee has been paid more than prescribed limits. Statement in accordance with the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 is annexed.

## **CAUTIONARY STATEMENT**

Management Discussion and Analysis forming part of this Report is in compliance with Corporate Governance Standards incorporated in the listing agreement with Stock Exchanges and such statements may be "forward looking" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

**GENERAL**

Your Company's shares are listed at Bombay Stock Exchange Limited. Necessary listing fees for the year have been paid. Company has filed de-listing application with Chennai and Coimbatore Stock Exchanges for de-listing of our equity shares. Necessary acknowledgement has not been received till date.

During the year under review industrial relations continued to be cordial.

Your Directors acknowledge with gratitude, the co-operation and assistance from Canara Bank, Indian Overseas Bank, IDBI Bank Ltd., IREDA, Punjab National Bank and ICICI Bank Ltd.,

Your Directors would like to thank all Shareholders, Fixed Deposit Holders, Customers and Employees in appreciation of their continued support.

May the Almighty Goddess Lakshmi continue to shower HER choicest blessings and continue to grant us prosperity in the years to come.

By Order of the Board

Place : Coimbatore

S.Govindan

Suresh Jagnathan

Date : 4<sup>th</sup> June, 2009

Director

Managing Director

**Information in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March, 2009.**

**CONSERVATION OF ENERGY**

1. Energy conservation measures taken - Nil
2. Additional investment and proposals if any, being implemented for reduction of consumption of energy - Nil
3. Impact of the measures of (1) & (2) above for reduction of energy consumption and consequent impact on the cost of production of goods. - Nil

**4. Total energy consumption and energy consumption per unit of production. (Textile division)**

<b>A. POWER AND FUEL CONSUMPTION</b>	<b>Current year</b>	<b>Previous year</b>
1. Electricity		
(a) Purchased units From TNEB	<b>10950855</b>	11922403
Total amount (Rs.)	<b>47507479</b>	50879855
Rate/Unit (Rs.)	<b>4.34</b>	4.27
(b) Own generation		
Through diesel generation (units)	<b>1092808</b>	293962
Units Per Ltr of diesel oil	<b>3.49</b>	3.30
Cost/per unit (Rs.)	<b>9.51</b>	9.61
(c) Through steam turbine/generator	<b>Nil</b>	Nil
Units per Ltr of fuel		
Oil/Gas		
Cost/Unit		
(d) Wind Mill Generation		
Qty.(Units)	<b>10029627</b>	10813480
Total cost (Rs.)	<b>44847258</b>	42748371
Cost per unit (Rs.)	<b>4.47</b>	3.95
(e) Units purchased from others	<b>1381615</b>	2706407
Rate per unit	<b>3.36</b>	3.45
2. Coal	<b>Nil</b>	Nil
Qty. (tons)		
Total Cost		
Avg.Rate		
3. Furnace Oil	<b>Nil</b>	Nil
Qty.(K.Lts)		
Total amount		
Avg.Rate		

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Standards (if any)

Cotton yarn in Kgs.

**4156193**

4771469

Electricity per unit of production

**3.23**

3.13

**II. TECHNOLOGY ABSORPTION**

- |   |                       |
|---|-----------------------|
| 1. Specific areas in which R & D carried out by the Company               | <b>Not applicable</b> |
| 2. Benefit derived as a result of the above R & D                         | <b>Not applicable</b> |
| 3. Future plan of action  | <b>Not applicable</b> |
| 4. Expenditure on R & D   | <b>Not applicable</b> |
| a. Capital  |                       |
| b. Recurring  |                       |
| c. Total R & D expenditure as a percentage of gross turnover/net turnover |                       |

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- |  |                       |
|--|-----------------------|
| 1. Efforts in brief, made towards technology absorption, adaptation and innovation.  | <b>Not applicable</b> |
| 2. Benefits arrived as a result of the above efforts, eg., product improvement, cost reduction, product development, import substitution etc., innovation. | <b>Not applicable</b> |
| 3. Technology imported.  | <b>Not applicable</b> |

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- |   |   |
|---|---|
| 1. Activities relating to exports   | During the year iron castings were exported to Germany & France |
| 2. Initiative taken to increase exports and development of new exports markets for products & services and exports plans. | Efforts are continuing to increase export.                      |
| 3. Total Foreign Exchange   |   |
| Used  | Rs.549.92 lakhs   |
| Earned  | Rs.99.49 lakhs  |

Place : Coimbatore  
Date : 4<sup>th</sup> June, 2009

By Order of the Board  
S.Govindan      Suresh Jagannathan  
Director      Managing Director

## **REPORT ON CORPORATE GOVERNANCE**

### **1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The Company firmly believes in and has consistently endeavoured to practice good Corporate Governance. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations, and in all its interactions with its stake holders, including shareholders, employees, the government and lenders. The Company will endeavour to improve on these aspects on an ongoing basis.

### **2. BOARD OF DIRECTORS**

The Board comprises of an Executive Vice Chairman, a Managing Director, one Executive Director and four Non-Executive Directors. There are four independent directors who bring independent judgement in the board's deliberations and decisions. The composition of the directors and their attendance at the board meetings during the year and at the last Annual General Meeting, and also the number of the other directorships are as follows:

Name of Director	Category	No. of other Directorships held in public Companies*	Membership in Committees of other Companies @	
			Chairman	Member
J.Chandrankanthi # Vice Chairman	Executive-Promoter	—	—	—
Suresh Jagannathan # Managing Director	Executive-Promoter	3	—	1
Sudarsan Varadaraj	Non-Executive Independent	8	—	3
V.N.Jayaprakasam Executive Director	Executive Wholetime Director	—	—	—
S.Govindan	Non-Executive - Independent	—	—	—
R.Sethumadhavan	Nominee Director - IREDA Ltd.,	—	—	—
K.Gnanasekaran	Non-Executive Independent	3	1	1

\*Exclude directorship in private companies and Foreign Companies.

@ Audit Committee and Shareholders Committee are considered.

# Mrs. J.Chandrankanthi and Mr. Suresh Jagannathan are related between themselves. None of the other Directors are related.

#### **Board Meetings were held on the following dates**

6<sup>th</sup> June, 2008, 28<sup>th</sup> July, 2008, 30<sup>th</sup> October, 2008 and 29<sup>th</sup> January, 2009

Name of Director	Board Meeting		Attendance at the last AGM (Yes/No)
	Held	Attended	
J.Chandrankanthi	4	4	No
Suresh Jagannathan	4	4	Yes
Sudarsan Varadaraj	4	4	No
V.N.Jayaprakasam	4	3	Yes
S.Govindan	4	4	Yes
R.Sethumadhavan	4	1	No
K.Gnanasekaran	4	4	Yes

#### **Shareholding of Non-Executive Directors**

Name of the Director	No. of shares held	% of holdings
S.Govindan	50	—

Other Non-Executive Directors do not hold any shares in the company. The company currently does not have any stock option.

### **3. COMMITTEES OF THE BOARD**

#### **(a) Shareholders Committee**

The Committee comprises of the following Directors.

<b>Name of the Member</b>	<b>Category</b>	<b>Status</b>
Mr. S. Govindan	Independent	Chairman
Mr. Suresh Jagannathan	Executive Promoter	Member
Mr. V.N Jayaprakasam	Executive - Non Independent	Member

The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate shares, certificates and looks into the shareholders/Investor complaints, if any, on transfer of shares, non-receipt of dividend, annual report etc., In addition, the Committee looks into other issues including status of dematerialization/ re-dematerialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time. The Compliance Officer for the purpose of the listing agreement is Mr.T.V.Krishnamurthi, Company Secretary. The Minutes of Shareholders Committee were placed at the Board Meeting. During the year, the Company had received 3 letters/complaints from the shareholders and all of them were resolved satisfactorily by furnishing the requisite information/ documents to the shareholders. There are no pending share transfers/complaints.

As on 31.3.2009, 2700 shares belong to four shareholders are held in "Escrow Account" and voting rights in respects of these shares have been frozen till the rightful owner claims the same.

#### **(b) Audit Committee**

This Committee comprises of three non-executive directors all being independent directors. The terms of reference of this Committee are as required by SEBI under clause 49 of the Listing Agreement. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions, and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

The composition of the Audit Committee and details of their attendance at the meetings are as follows:

<b>Name of the Member</b>	<b>Category</b>	<b>Attendance</b>
Sri.K.Gnanasekaran (Chairman)	Non - Executive - Independent	4
Sri.Sudarsan Varadaraj	Non - Executive - Independent	4
Sri.S.Govindan	Non - Executive - Independent	4

- (i) The Compliance Officer is the Convener. The representatives of Statutory and the Internal Auditors of the Company had also attended the meeting. The minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note off. The Audit Committee considered and reviewed the accounts for the year 2008 – 2009, before it was placed in the Board. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956.
- (ii) No. of Audit Committee Meetings held during the last financial year and the dates on which held:

Number of Audit Committee meetings held	4
Dates on which held	6 <sup>th</sup> June, 2008, 28 <sup>th</sup> July, 2008, 30 <sup>th</sup> October, 2008 and 29 <sup>th</sup> January, 2009

**(c) Remuneration Committee**

The Remuneration Committee of the Board comprises of Mr.S.Govindan, Mr.Sudarsan Varadaraj and Dr.R.Sethumadhavan and this Committee determines and recommends to the Board, the compensation payable to the Directors. The Chairman of the Committee is selected among the members at the time of each meeting. During the year 2008 - 2009, one meeting was held on 6<sup>th</sup> June, 2008 to consider and recommend remuneration payable to Vice Chairman and Managing Director. Mr.S.Govindan and Mr. Sudarsan Varadaraj were present at the meeting.

**Remuneration Policy :**

The Vice Chairman/Managing Director/Executive Director are paid Remuneration approved by the Board of Directors on the recommendation of Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders at the general meeting and such other authorities as the case may be.

**Remuneration of Directors :**

The remuneration and sitting fees paid to the Directors during the year under review

Name	Salary	Perquisites	Sitting Fees	Total
Mrs.J.Chandrankanthi	1516800	405927	—	1922727
Mr.Suresh Jagannathan	1389046	319040	—	1708086
Mr.V.N.Jayaprakasam	873000	37354	—	910354
Mr.Sudarsan Varadaraj	—	—	18000	18000
Dr.R.Sethumadhavan	—	—	2000	2000
Mr.K.Gnanasekaran	—	—	16000	16000
Mr.S.Govindan	—	—	36000	36000

No commission was paid to Directors during the year.

Mrs.J.Chandrankanthi, Vice Chairman - appointed for a period five years from 1.12.2005.

Mr.Suresh Jagannathan, Managing Director – appointed for a period five years from 11.3.2006

Mr.V.N.Jayaprakasam, Executive Director – appointed for a period of two years from 1.7.2008

**4. Annual General Meetings**

Location and time, where last three Annual General Meetings held

AGM	Location	Date	Time
2006 44 <sup>th</sup> AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District- 627 352	28.06.2006	09.30 a.m.,
2007 45 <sup>th</sup> AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District - 627 352	28.09.2007	09.45 a.m.,
2008 46 <sup>th</sup> AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District - 627 352	25.09.2008	10.45 a.m.,

Details of special resolutions passed in the previous three AGMs.

Year	Details of Special Resolutions passed
2005-06	NIL
2006-07	NIL
2007-08	De-listing of shares from Madras Stock Exchange Limited and Coimbatore Stock Exchange Limited

No special resolutions were put through postal ballot last year and there is no proposal for this year. No Extra-ordinary general meeting was held during in the financial year 2008-09.

**5. Management Discussion and Analysis Report**

Management Discussion and Analysis Report forms part of this Annual Report

**6. Disclosures**

There are no materially significant related party transactions that would have potential conflict with the interests of the Company at large. Details of related party transactions are given elsewhere in the annual report. No penalty or strictures have been imposed on the Company by any regulatory authority for non-compliance of any laws. No whistle blower policy is adopted by the company and no person is denied access to the Audit Committee. In the preparation of financial statements no differential treatment from the prescribed accounting standard is followed.

**7. Code of Conduct**

The company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on 31<sup>st</sup> March, 2009. The Company's Managing Director's declaration to this effect forms part of this report.

**8. Code of conduct for prevention of insider trading**

The company has framed a code of conduct for prevention of insider trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all directors / officers / designated employees. The code ensure the prevention of dealing in shares by persons having access to unpublished price sensitive information.

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the Listing Agreement with the Stock Exchanges.

The company has fulfilled the following non-mandatory requirements as prescribed in Clause 49 of the Listing Agreement.

The Company has set up a Remuneration Committee.

The other non-mandatory requirements have not been adopted by the Company.

**9. Means of Communication**

The quarterly results are published in Business Line (National Daily) and Dina Malar (Regional Newspaper).

The Annual Reports are sent to the shareholders by post.

As per the requirement of the listing agreement the company has also been filing all the data relating to financial results, shareholding pattern and annual report electronically on the EDIFAR Website.

**10. General Shareholder information****A. Annual General Meeting**

Date 24.09.2009  
 Time 10.45A.M.,  
 Venue 75/8, Benares Cape Road, Gangalkondan-627 352  
 Financial Year April to March

**B. Book Closure** : 17.09.2009 to 24.09.2009

**C.Dividend payment date** : Not applicable

**D. Listing on Stock Exchanges**

The Company's Equity Shares are listed at  
 The Bombay Stock Exchange Ltd., Stock Code : 507598  
 Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

The Company has paid the Annual listing fees for the year 2009 - 2010 except Madras Stock Exchange Ltd., Coimbatore Stock Exchange, for which company has filed de-listing application on 10.1.2009.

**E. Market Price Date****The Bombay Stock Exchange Ltd.,**

Month	High (Rs)	Low (Rs.)
April - 2008	34.50	27.40
May	34.00	28.50
June	35.80	27.20
July	31.00	26.05
August	32.50	29.00
September	32.00	22.35
October	23.50	14.20
November	21.00	16.45
December	19.20	15.40
January - 2009	18.95	14.20
February	15.75	13.43
March	13.55	11.65

**F. Dematerialisation of shares and liquidity as on 31<sup>st</sup> March, 2009.**

Your company obtained necessary approvals from the NSDL and CDSL for providing demat facilities to our shareholders. The equity shares of the Company are compulsorily traded in dematerialised form.

**Extent of Dematerialisation**

Name of the Depository	No. of shares	% to total paid-up capital
National Securities Depository Limited	3001025	59.77
Central Depository Services (India) Limited	692357	13.79
<b>Total</b>	<b>3693382</b>	<b>73.56</b>

Outstanding GDRs/ADRs/Warrants/Convertible Bonds, conversion date and likely impact on equity : Nil

**G. Share transfer registrar**

Shareholders are advised to send all their correspondence, transfer/transmission of shares directly to Link Intime India Private Ltd., Branch Office at "Surya" No.35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028.

**H. Share Transfer System**

The Share Transfers in physical form are registered and returned within 30 days from the date of receipt if the documents are in order. The share transfers are approved by the Shareholders Committee who usually meets as and when required.

**I. Distribution of Shareholding as on 31.03.2009**

No. of shares held	SHAREHOLDERS		SHAREHOLDING	
	Nos	%	Nos	%
Upto 500	5680	87.59	773835	15.41
501 - 1000	457	7.05	372106	7.41
1001 - 2000	183	2.82	279032	5.56
2001 - 3000	59	0.91	149010	2.97
3001 - 4000	18	0.28	65499	1.30
4001 - 5000	26	0.40	121281	2.42
5001 - 10000	29	0.44	197759	3.94
10001 & above	28	0.51	3062122	60.99
<b>Total</b>	<b>6480</b>	<b>100.00</b>	<b>5020644</b>	<b>100.00</b>

**j. Shareholding pattern as on 31.03.2009**

Particulars	No. of shares held	Percentage of Shareholding
Promoter's Holding	1942022	38.68
Individual Directors and their Relatives	5100	0.10
Banks/FIS/Mutual Funds	805	0.02
Private Corporate Bodies	438700	8.74
Insurance Companies	250000	4.98
NRI/OCBs	15369	0.30
Indian Public	2368648	47.18
<b>Total</b>	<b>5020644</b>	<b>100.00</b>

**k. Plant Location**

Food Division      Gangaikondan, Tirunelveli District  
Textile              Unit-I, Gangaikondan, Tirunelveli District  
                         Unit-II, N.Subbiahpuram Village, Sattur Taluk, Virudhunagar District.  
Wind Farms        Aralvoimozhi Village, Kanyakumari District  
                         Pazhavoroor Village, Radhapuram Taluk, Tirunelveli District  
                         Dhanukkarkulam Village, Radhapuram Taluk, Tirunelveli District.  
                         Parameshwarapuram Village, Radhapuram Taluk, Tirunelveli District.  
Engineering  
Division              Periyanaickenpalayam, Coimbatore.

**l. Address for correspondence**

Share Transfer and other communications may be addressed to :

Link Intime India Private Limited  
(Unit : KLRF Limited)  
'SURYA', 35, Mayflower Avenue,  
Behind Senthil Nagar, Sowri Palayam Road,  
Coimbatore-641 028.  
Phone : 0422 - 2314792, 2315792 E-mail : coimbatore@linkintime.co.in

Investors' complaints may be addressed to :

The Company Secretary  
KLRF Limited, 75/8, Benares Cape Road,  
Gangaikondan - 627 352, Tirunelveli District  
Phone : 0462 - 2486532  
E-mail : klrfgdh@vsnl.com, cosec@klrf.in, Website : www.klrf.in

By Order of the Board

Place : Coimbatore

S.Govindan

Suresh Jagannathan

Date : 4<sup>th</sup> June, 2009

Director

Managing Director

**CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT**

I hereby declare that the Board of Directors of the Company have adopted a code of conduct for Board members and the senior management of the company and the same has also been posted on 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 2008 - 2009.

Place : Coimbatore

Suresh Jagannathan

Date : 4<sup>th</sup> June, 2009

Managing Director

**Auditors' certificate on compliance with conditions of Corporate Governance as per Clause 49 of the Listing Agreement with Stock Exchanges**

To

The Members of KLRF Limited

I have examined the compliance of conditions of Corporate Governance by KLRF LIMITED for the year ended on 31.03.2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

**KLRF Limited**

The Compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In my opinion and to the best of my information and according to the explanations given to me;

I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no Investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the shareholders/Investors Grievance Committee.

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

Place : Coimbatore  
Date : 4<sup>th</sup> June, 2009

P.Marimuthu  
Chartered Accountant  
Membership No : 5770

**CEO & CFO CERTIFICATE**

The Board of Directors

KLRF Limited, Gangalkondan - 627 352.

As required by Clause 49 (V) of the Listing Agreement with Stock Exchanges, we hereby certify that :

a. We have reviewed the financial statements and the cash flow statement for the financial year 2008 - 2009 and that to the best of our knowledge and belief;

- (i) these statements do not contain any materially 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. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control system of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee;

- i) significant changes in internal control over financial reporting during the year;
- ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

R.Kannan  
Chief Finance Officer  
Place : Coimbatore  
Date : 4<sup>th</sup> June, 2009

Suresh Jagannathan  
Managing Director

**REPORT OF THE AUDITOR**

1. I have audited the attached balance sheet of KLRF LIMITED, GANGAIKONDAN as at 31st March, 2009, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted my audit in accordance with the auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order :
4. Further to my comments in the Annexure referred to above, I report that :
  - I. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
  - II. In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books and proper returns adequate for the purposes of my audit have been received from the Branches not visited by me. Branch Auditors' reports have been forwarded to me and has been appropriately dealt with.
  - III. The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
  - IV. In my opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - V. On the basis of the written representation received from the Directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a Director under Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
  - VI. In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009.
    - (b) in the case of Profit and Loss Account, of the loss of the Company for the year ended on that date and
    - (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

Place : Coimbatore  
Date : 4<sup>th</sup> June, 2009

P.Marimuthu  
Chartered Accountant  
Membership No : 5770

## **ANNEXURE TO THE AUDITOR'S REPORT**

Referred to in paragraph 3 of my report of even date,

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in my opinion, is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
3. The company has not disposed of a major part of the fixed assets. According to the information and explanations given to me, I am of the opinion that the sale of the part of plant and machinery has not affected the going concern status of the company.
4. The inventories have been physically verified during the year by the management. In my opinion, the frequency of verification is reasonable.
5. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
6. The Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
7. The Company has not granted any unsecured loan which attract Section 372 of the Companies Act, 1956. Hence, the question of rate of interest and other terms and conditions on which the loan was granted does not arise.
8. The Company has not taken any loans except deposits, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence the question of rate of interest and the terms and conditions of such loan taken by the company and repayment of such loan with interest thereon in due dates does not arise.
9. In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of my audit, I have not observed any continuing failure to correct major weaknesses in internal control system.
10. According to the explanations and informations given to me I am of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
11. According to the explanations and informations given to me, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

12. In my opinion and according to the informations and explanations given to me, the company has complied with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
13. In my opinion, the company has an internal audit system commensurate with the size and nature of its business.
14. I have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and I am of the opinion that prima facie the prescribed accounts and records have been made and maintained. The cost auditor has done the cost audit of textile units.
15. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
16. According to the information and explanations given to me, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31.03.2009 for a period of more than six months from the date they became payable.
17. According to the information and explanations given to me, disputed statutory dues pending as at 31.3.2009 is Rs15.37 lakhs.
18. In my opinion and according to the information and explanations given to me, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders except term loan repayment for the quarter ended 31.3.2009 for which an application for moratorium for a period of two years has been made.
19. In my opinion the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
20. In my opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
21. In my opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause xiv of para 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
22. In my opinion, on the basis of information the company has not given any guarantees for loans taken by others from banks or financial institutions.
23. Company has availed term loan during the year from Financial Institutions/ Banks and it is utilized for the object of the loan.
24. According to the information and explanations given to me and on an overall examination of the balance sheet of the company, I report that no funds raised on short-term basis have been used for long term investment.

***KLRF Limited***

25. The company has not made any preferential allotment of shares during the year and hence the provisions of clause (xviii) of para 4 of this order are not applicable.
26. According to the information and explanations given to me, during the period covered in my audit report the company had not issued any debentures.
27. According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the course of my audit.
28. Necessary provision was not made in the profit and loss account regarding the derivative transaction.

Place : Coimbatore  
Date : 4<sup>th</sup> June, 2009

P.Marimuthu  
Chartered Accountant  
Membership No : 5770

**BALANCE SHEET AS AT 31ST MARCH, 2009**

		(Rupees)	
Particulars	Schedule	31.03.2009	31.03.2008
<b>I. SOURCES OF FUNDS</b>			
A. SHARE HOLDERS' FUNDS			
Share capital	1	50206440	50206440
Reserves and Surplus	2	181658458	192177993
		<b>231864898</b>	242384433
B. LOAN FUNDS			
Secured Loans	3	567160015	523141312
Unsecured Loans	4	89868271	160878108
		<b>657028286</b>	684019420
<b>TOTAL</b>		<b>888893184</b>	926403853
<b>II. APPLICATION OF FUNDS</b>			
A. FIXED ASSETS			
Gross Block	5	925233844	868975960
Less: Depreciation		502096112	450938421
		<b>423137732</b>	418037539
B. INVESTMENTS	6	48104	48104
C. CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	242900453	376476820
Sundry Debtors	8	137087646	133544809
Cash and Bank Balances	9	7862632	6286254
Loans and Advances	10	97976249	78071922
		<b>485826980</b>	594379805
Less :Current Liabilities and Provisions	11	77388917	109709160
		<b>408438063</b>	484670645
D. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	12	47684429	21557730
E. DEFERRED TAX		9584856	2089835
<b>TOTAL</b>		<b>888893184</b>	926403853
<b>NOTES</b>	19		

Schedules 1 to 12, Significant Accounting Policies and the Notes on the Accounts form part of this Balance Sheet.  
In accordance with my report attached

**P. MARIMUTHU**

Chartered Accountant  
Membership No. 5770

**T.V.KRISHNAMURTHI**

Secretary

Place : Coimbatore

Date : 4<sup>th</sup> June, 2009

**S.Govindan**  
Director

**Suresh Jagannathan**  
Managing Director

**PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2009**

(Rupees)

Particulars	Schedule	31.03.2009	31.03.2008
<b>INCOME</b>			
Sales and Charges	13	<b>1448905989</b>	1430764828
Other Income	14	<b>3450109</b>	5002613
Increase / Decrease in Finished Goods Stock	15	<b>-17363383</b>	18721770
<b>TOTAL</b>		<b>1434992715</b>	1454489211
<b>EXPENDITURE</b>			
Raw materials consumed	16	<b>1042562106</b>	1026429022
Products purchased		<b>475368</b>	2208317
Excise Duty		<b>28523872</b>	30087401
Interest	17	<b>62976832</b>	48224617
Directors Remuneration and Fees		<b>4613167</b>	4121985
Depreciation and Assets written off		<b>53398513</b>	42072430
Other Expenses	18	<b>285387454</b>	258186553
<b>Total</b>		<b>1477937312</b>	1411330325
Profit before extraordinary item and tax		<b>-42944597</b>	43158886
Less: Terminal Benefits to VRS Employees written off		<b>5295033</b>	8168144
Public Issue Expenses written off		<b>2082792</b>	2147196
Amalgamation Expenses written off		<b>59448</b>	59445
Profit after extraordinary item but before tax		<b>-50381870</b>	32784101
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			
Profit after extraordinary item but before tax		<b>-50381870</b>	32784101
Less: Provision for tax - Current		<b>—</b>	1426000
- Deferred		<b>(7495021)</b>	1181383
- Fringe Benefit Tax		<b>591047</b>	533909
Net profit		<b>-43477896</b>	29642809
Add: Profit of previous year carry forward		<b>—</b>	—
<b>TOTAL</b>		<b>-43477896</b>	29642809
<b>APPROPRIATIONS</b>			
- Provision for Proposed Dividend		<b>—</b>	10041288
- Provision for Dividend Tax		<b>—</b>	1706517
- Transfer to General Reserve		<b>—</b>	2230000
- Balance adjusted in Profit and Loss Account		<b>-43477896</b>	15665004
<b>TOTAL</b>		<b>-43477896</b>	29642809
Earnings per share - Basic		<b>-8.66</b>	5.90
NOTES	19		

Schedules 13 to 19, Significant Accounting Policies and the Notes on the Accounts form part of this Profit and Loss Account.

In accordance with my report attached

**P. MARIMUTHU**

Chartered Accountant

Membership No. 5770

**T.V.KRISHNAMURTHI**

Secretary

Place : Coimbatore

Date : 4<sup>th</sup> June, 2009

**S.Govindan**

Director

**Suresh Jagannathan**

Managing Director

**SCHEDULES**

Particulars		31.03.2009	(Rupees)	31.03.2008	
<b>1. SHARE CAPITAL</b>					
<b>Authorised</b>					
90,00,000 Equity Shares of Rs. 10/- each		90000000		90000000	
60,00,000 10 % Cumulative Redeemable Preference Shares of Rs. 10/- each		60000000		60000000	
		150000000		150000000	
<b>Issued and Subscribed</b>					
51,19,598 Equity Shares of Rs. 10/- each		51195980		51195980	
<b>Called and Paid up</b>					
50,20,644 Equity Shares of Rs. 10/- each		50206440		50206440	
Note : Of the above 7,87,500 Equity shares of Rs. 10/- each have been issued as fully paid Bonus shares by capitalisation of reserves.					
		50206440		50206440	
<b>2. RESERVES AND SURPLUS</b>					
	As on 1.4.2008	Additions	With- drawal	As on 31.03.2009	As on 31.03.2008
Capital Reserve	2071233	—	—	2071233	2071233
Securities Premium	164215420	—	—	164215420	164215420
Revaluation Reserve	15977417	—	605612	15371805	15977417
<b>TOTAL</b>	<b>182264070</b>	<b>—</b>	<b>605612</b>	<b>181658458</b>	<b>182264070</b>
<b>GENERAL RESERVE</b>					
	As on 31.03.2009			As on 31.03.2008	
As per last Balance Sheet	99497443			97267443	
Additions during the year	—	99497443		2230000	99497443
Less : Transferred to Profit and Loss Account as per contra		99497443			89583520
<b>TOTAL</b>		—			9913923

**SCHEDULES (Contd...)**

	<b>(Rupees)</b>
Particulars	31.03.2009 31.03.2008
<b>3. SECURED LOANS</b>	
(Guaranteed by Vice Chairman and Managing Director for IREDA term loan and by Managing Director for working capital loan and other term loans except vehicle loans)	
Open Loan and Packing Credit Loan from Canara Bank on the security of stock in trade	107180836 162806651
Open Loan Packing Credit Loan from Indian Overseas Bank on the security of stock in trade	78885364 78679851
Term Loan from Canara Bank on the security of Land, Buildings, Machineries pertaining to 1 No 1250 KW Wind Mill situated at Parameshwarapuram Village, Tirunelveli District.	32786000 39770000
Term Loan from Indian Overseas Bank on the security of of Land, Buildings, Machineries pertaining to 1 No 1250 KW Wind Mill situated at Parameshwarapuram Village, Tirunelveli District.	34928000 40167500
Term Loan from Punjab National Bank on the security of Land, Buildings and Machineries except the Wind Mill fixed assets to Canara Bank and Indian Overseas Bank.	169372697 175850593
Term Loan from IDBI Bank Ltd., on exclusive charge on the Land and Buildings of Foundry Division.	120000000 —
Term Loan from IREDA Ltd., on the security of Land, Buildings and Machineries except the Wind Mill fixed assets to Canara Bank and Indian Overseas Bank	15430000 21606000
Vehicle Loan from Indian Overseas Bank and ICICI Bank Ltd., on the security of vehicle.	8577118 4260717
<b>TOTAL</b>	<b>567160015 523141312</b>
<b>4. UNSECURED LOANS</b>	
Deposits and Loans from Directors	2116180 2004016
Fixed Deposits from public and shareholders	37693197 30880223
Other loans	49723894 127658869
Security Deposits from dealers	335000 335000
<b>TOTAL</b>	<b>89868271 160878108</b>

**SCHEDULES (Contd...)**

(Rupees)

Particulars	31.03.2009		31.03.2008	
<b>5. FIXED ASSETS</b>	<b>GROSS BLOCK</b>		<b>NET BLOCK</b>	
Description of Assets	As of 01.04.08	Additions Sales and adjustment	As of 31.3.09 Depreciation upto 31.3.09	As of 31.3.09 As of 31.03.08
Freehold Land	15558579	—	15558579	15558579
Buildings	68478851	6996182	75309998	42819518
Machineries	736768446	28003938	762461621	318609819
Vehicles	14385967	9445529	21618272	16100014
Other Assets	25395115	7419459	32812024	12576452
Livestock	19026	—	19026	19026
Capital W.I.P	8369976	9084348	17454324	17454324
<b>TOTAL</b>	<b>868975960</b>	<b>60949456</b>	<b>925233844</b>	<b>423137732</b>
			Face value as on 31.3.09	Market Value as on 31.3.09
<b>6. INVESTMENTS</b>			<b>Cost 2009</b>	<b>Cost 2008</b>
<b>TRADE INVESTMENTS</b>				
<b>Quoted</b>				
Lakshmi Synthetic Machinery Manufacturers Ltd				
15,000 Equity Shares of Rs. 10/- each				
fully paid up		150000	15000	150000
Post Office saving deposits		—	31104	31104
National Saving Certificate		—	2000	2000
<b>Total</b>		—	<b>48104</b>	<b>183104</b>
Less : Provision for diminution in investments		—	—	135000
<b>TOTAL</b>		—	<b>48104</b>	<b>48104</b>
<b>7. INVENTORIES</b>				
(As valued and certified by the Management)				
(See Note 1 (c))				
Raw materials		186092102		302903255
Stores		8001809		7403640
Finished goods		47286601		61484354
Impurities, Runner & Riser		1037654		4155125
Gunnies		482287		530446
<b>TOTAL</b>		<b>242900453</b>		<b>376476820</b>
<b>8. SUNDRY DEBTORS</b>				
(Unsecured but considered good)				
Outstanding for more than six months		13031977		7906498
Other Debts		124055669		125638311
<b>TOTAL</b>		<b>137087646</b>		<b>133544809</b>

**SCHEDULES (Contd...)**

	(Rupees)	
Particulars	31.03.2009	31.03.2008
<b>9. CASH AND BANK BALANCES</b>		
Cash and Cheques on hand	548490	1268226
Balances with scheduled bank		
On Current Account	4002562	648774
On Deposit Account	2437782	3644297
Unpaid Dividend Deposit Account	873798	724957
<b>TOTAL</b>	<b>7862632</b>	<b>6286254</b>
<b>10. LOANS AND ADVANCES</b>		
(Receivables in cash or in kind and considered good but not secured)		
Interest Receivables	38520	490640
Deposits	20443652	17861714
Advance for Purchases	17653990	17037113
Prepaid Expenses	4446939	3160550
Receivables	18582151	11498744
Other Advances	24151188	16265986
Taxes paid	12659809	11757175
<b>TOTAL</b>	<b>97976249</b>	<b>78071922</b>
<b>11. CURRENT LIABILITIES AND PROVISIONS</b>		
Sundry Creditors	50728660	70189582
Liability for Expenses	19500647	20805650
Other Liabilities	6285812	6241166
Unclaimed Dividend	873798	724957
Proposed dividend	—	10041288
Tax Provision	—	1706517
<b>TOTAL</b>	<b>77388917</b>	<b>109709160</b>
<b>12. MISCELLANEOUS EXPENDITURE</b>		
Compensation paid under Voluntary Retirement Scheme	13509463	21677607
Less : Written off during the year	5295033	8214430
	8214430	8168144
Public Issue Expenses	7810487	9957683
Less : Written off during the year	2082792	5727695
	5727695	2147196
Amalgamation Expenses	237780	297225
Less : Written off during the year	59448	178332
	178332	59445
Debit Balance in Profit and Loss Account	89583519	105248524
Add/Less: Transfer from Profit and Loss Account	43477896	15665004
Less : Balance in General Reserve adjusted as per Contra	99497443	33563972
<b>TOTAL</b>	<b>47684429</b>	<b>21557730</b>

**SCHEDULES (Contd...)**

		(Rupees)
Particulars	31.03.2009	31.03.2008
<b>13. SALES AND CHARGES</b>		
Wheat, Wheat products and Impurities	712726639	744039338
Sheet Metal Components	39061048	44003633
Fabrication Charges	—	683000
Yarn and Waste Cotton	474780219	462849047
Other Sales	4209971	1361139
Custom Milling	8279400	492560
Castings	209848712	177336111
<b>TOTAL</b>	<b>1448905989</b>	<b>1430764828</b>
<b>14. OTHER INCOME</b>		
Miscellaneous Income	2864697	2219712
Profit on sale of asset	585412	2782901
<b>TOTAL</b>	<b>3450109</b>	<b>5002613</b>
<b>15. INCREASE / DECREASE IN FINISHED GOODS STOCK</b>		
<b>OPENING STOCK</b>		
Finished Goods	61484354	43429784
Impurities, Runner & Riser	4155125	3398419
Gunnies	530446	619952
	<b>66169925</b>	<b>47448155</b>
<b>CLOSING STOCK</b>		
Finished Goods	47286601	61484354
Impurities, Runner & Riser	1037654	4155125
Gunnies	482287	530446
	<b>48806542</b>	<b>66169925</b>
Increase/Decrease in Finished Goods	<b>-17363383</b>	<b>18721770</b>
<b>16. RAW MATERIALS CONSUMED</b>		
Wheat	615643560	643820699
Iron Materials	114350050	91219691
Cotton	312568496	291388632
<b>TOTAL</b>	<b>1042562106</b>	<b>1026429022</b>

**SCHEDULES (Contd...)**

Particulars	31.03.2009	31.03.2008
<b>17. INTEREST</b>		
Bank and Institutions	60900569	46787384
Fixed Deposit and Other Interest	4529727	3830403
	<b>65430296</b>	<b>50617787</b>
Less : Interest Receipts	2453464	2393170
<b>TOTAL</b>	<b>62976832</b>	<b>48224617</b>
<b>18. OTHER EXPENSES</b>		
Salaries, Wages and Bonus	60010889	52811950
Contribution to PF and other Funds	5989194	3568130
Employees' Welfare	1784916	1272283
Gratuity	887755	839556
Fabrication Charges	12021795	8045160
Power and Fuel	72758712	68141270
Stores, Spares and Packing Materials	56413469	51024512
Repairs to Machineries	25354215	25138799
Factory Maintenance and Buildings Repairs	4184894	4148759
Commission and Discount	7348648	6936832
Freight	7136232	7347935
Insurance	2757742	3089570
Auditor's Fees and Expenses	675014	587331
Rent and Office Maintenance	709102	490708
Rates and Taxes	2071417	1605521
Advertisement and Sales Promotion Expenses	564938	1007290
Donation	35000	—
Miscellaneous Expenses	24005	531218
Water Charges and Maintenance	52626	50478
Printing and Stationery	982363	1040313
Postage, Telegram and Telephones	1305487	1424791
Subscription and Periodicals	312043	222107
Vehicle Maintenance	1608182	1491485
Travelling	4771024	3372992
Filing Fees	270870	25806
Legal Expenses and Professional Charges	8742144	8099108
Enlisting Fees	51632	101952
Furniture and other Repairs	3490	39555
Gardening	119752	110576
Lighting	166728	25308
Data Processing	502398	916330
Yarn Conversion Charges	879623	117514
Pollution Control Expenses	79381	54328
Loss on Sale of Assets	455157	289319
Bank Commission	4353517	3424159
Bad Debts Written Off	3100	658608
Diminution in Investments	—	135000
<b>TOTAL</b>	<b>285387454</b>	<b>258186553</b>

**SCHEDULES (Contd...)****19 NOTES ON ACCOUNTS****1 Significant Accounting Policies****a METHOD OF ACCOUNTING**

The Company follows mercantile system of accounting and recognise income and expenditure on accrual basis.

**b FIXED ASSETS**

Interest and commitment charges on term loans specifically availed for acquisition of assets for modernisation is capitalised untill commencement of production.

Exchange rate fluctuations on assets acquired under foreign currency loan are capitalised.

Depreciation on assets has been provided on Straight Line Basis at the rates specified in Schedule XIV of the Companies Act, 1956, as amended.

Recoverable amount of every asset is higher of its carrying amount and its value in use.

**c INVENTORIES**

Inventories other than finished goods are valued at cost. Costs include expenses incurred in bringing the inventories upto the present location and condition and is net of modvat. Finished goods are valued at lower of cost and net realisable value.

**d INVESTMENTS**

Investments are meant to be long term investments and are stated at cost. Diminution in the value of investments other than temporary in nature are provided for.

**e FOREIGN CURRENCY TRANSACTION**

Transactions in foreign currency are accounted at exchange rate prevailing on the date of transactions.

Exchange gains/losses are recognised in the Profit and Loss Account except in respect of liabilities incurred for acquisition of fixed asset.

**f EMPLOYEES BENEFITS**

(i) Future liability towards gratuity to employees is determined on the basis of actuarial valuation as at the year end and funded through separate approved trust. Contributions to Provident Fund, ESI and Family Pension Fund being fixed contributions are absorbed in the accounts.

(ii) Voluntary Retirement lumpsum compensation paid to workmen are written off over a period of five years commencing from the year in which the said payment was made to the workmen, since the benefits of such payment accrue over a period of five years.

**g DEFERRED TAX**

Deferred Taxation is accounted for in respect of all timing differences on a liability method.

**SCHEDULES (Contd...)**

Particulars	31.03.2009	(Rupees) 31.03.2008
2. Number of employees who are in receipt or entitled to receive emoluments amounting in aggregate Rs.2,00,000/- or more per month	Nil	Nil
<b>3. CONTINGENT LIABILITIES</b> Claims, Excise and Customs Duty, Taxes and other matter-not acknowledged by the Company		
(a) Guarantees by Banks	4410000	4410000
(b) Claim under dispute	Nil	Nil
(c) Claims against the Company not acknowledged as debts Customs authority has confirmed import duty demands aggregating Rs.19,47,408/- in respect of wheat imported. The Company has disputed the said demand and has filed appeal to Appellate Authority. A forex derivative contract entered for a value of Rs.500 lakhs which will mature during the accounting year 2009-10. The contract was unwound during May, 2009 resulting in a loss of Rs.97,88,700/- which will reflect in the financial year 2009-10.	1242811	1354395
4. Income tax appeals are pending before the Supreme Court for the Assessment years 1991-92 to 1993-94, 1995-96 and 1996-97		
5. Remuneration to Whole time Directors:		
Salary and Allowances	3778846	3449447
Medical, Insurance and other benefits	762321	560538
Sitting Fees to Directors	72000	112000
	<u>4613167</u>	<u>4121985</u>
6. Expenditure in foreign currency :		
(a) Foreign travel	943601	262440
(b) Selling commission	Nil	Nil
7. Value of imports on c.i.f. basis:		
(a) Raw Material	54048424	Nil
(b) Spares	Nil	427814
(c) Machinery	Nil	80142465
(d) Trading goods	Nil	Nil
8. Earnings in foreign exchange:		
(a) Export of goods on f.o.b. basis	8596993	806878
(b) Commission Received	1351667	1501755

**SCHEDULES (Contd...)**

Particulars		(Rupees)			
		31.03.2009		31.03.2008	
<b>9.</b>	Raw material consumed:	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
	Wheat - Indigenous	<b>615643560</b>	<b>59.05</b>	643820699	62.72
	- Imported	—	—	—	—
	Cotton - Indigenous	<b>259384098</b>	<b>24.88</b>	291388632	28.39
	- Imported	<b>53184398</b>	<b>5.10</b>	—	—
	Iron Materials - Indigenous	<b>114350050</b>	<b>10.97</b>	91219691	8.89
	- Imported	—	—	—	—
		<b>1042562106</b>	<b>100.00</b>	1026429022	100.00
<b>10.</b>	Audit fees and expenses :				
	Statutory Audit Fees	<b>150000</b>		118700	
	Statutory Cost Audit Fees	<b>22000</b>		22000	
	Fees for other services and expenses	<b>109006</b>		121912	
	Internal Audit Fees	<b>250000</b>		200000	
	Branch Audit Fee	<b>144008</b>		124719	
		<b>675014</b>		587331	
<b>11.</b>	Licensed and installed capacity :				
	Flour Mill Installed M.T	<b>74000</b>		74000	
	Textile Installed Spindles	<b>29520</b>		29520	
	Installed Rotors	<b>1800</b>		1800	
	Foundry Installed M.T	<b>7200</b>		7200	
<b>12.</b>	Actual production meant for sale :				
(a)	Wheat Milled M.T	<b>46016</b>		53536	
	Products obtained M.T	<b>45442</b>		52892	
(b)	Cotton Consumed Kgs.	<b>5114347</b>		5867850	
	Products obtained Kgs.	<b>4156193</b>		4771469	
(c)	Iron material Consumed M.T	<b>3868</b>		4209	
	Products obtained M.T	<b>3614</b>		3985	

**SCHEDULES** (Contd...)

		(Rupees)	
Particulars		31.03.2009	31.03.2008
<b>13. Opening and closing stock of finished goods :</b>			
(a) Wheat Products			
Opening Stock	M.T	901	474
Closing Stock	M.T	852	901
(b) Trading goods			
Opening Stock	Numbers	Nil	16
Closing Stock	Numbers	Nil	Nil
(c) Cotton yarn			
Opening Stock	Kgs.	352938	228104
Closing Stock	Kgs.	203852	352938
(d) Iron materials			
Foundry Returns			
Opening Stock	M.T	169	135
Closing Stock	M.T	50	169
Finished goods			
Opening Stock	M.T	239	141
Closing Stock	M.T	177	239
<b>14. Earning per share:</b>			
Profit after taxes		-43477896	29642809
Fully paid shares of Rs.10/- each		5020644	5020644
Earning per share		-8.66	5.90
<b>15. During the year the Company has accounted for the deferred taxation which represents the amount determined and considered upto the Balance Sheet date, in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India, to neutralise the tax effect of "timing differences" between taxable income &amp; depreciation and accounting income &amp; depreciation that originate in one period and are capable of reversal in subsequent periods.</b>			
<b>16. Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information and evidence available with the company, there are no dues to micro and small enterprises, outstanding as on 31.03.2009.</b>			

**SCHEDULES (Contd...)**

**17. Related Party Disclosure**

The following are the transactions with related parties in terms of Accounting Standard 18 issued by the Institute of Chartered Accountants of India. Reimbursement of expenses has not been treated as related party transactions.

Sl.No	Name of the party	Relationship	Nature of Transaction	Amount (Rs.in lakhs)
1.	The Lakshmi Textile Suppliers	Director interested concern	Purchase of electrical goods	19.34
2.	Ellargi & Co.,	Director interested concern	Purchase of fuel	1.41
3.	Prokop Eltex India Private Ltd.,	Director interested concern	Purchase of Flour Milling Machinerles & spares	0.73
4.	Cape Flour Mills Private Ltd.,	Director interested concern	Purchase of power Service - Trade mark permission Sale of sheet metal components	46.42 1.20 6.28
5.	Mckinnon India P Ltd.,	Director interested concern	Purchase of scraps Sale of sheet metal components	3.50 14.52
6.	Super Springs P Ltd.,	Director interested concern	Purchase of scraps Sale of sheet metal components	4.68 0.94

**18. Segment Reporting**

(Rs.in lakhs)

Sl.No.	Information about primary Segments - Business Segments	NAME OF THE SEGMENTS			Total
		Food Division	Textile Division	Engineering Division	
1.	Revenue	7231.16	4754.49	2503.41	14489.06
2.	Segment Results - Operating Profit	377.78	403.77	(121.61)	659.94
	Less : Interest (Net)	138.87	441.47	49.43	629.77
	Segment Depreciation	28.06	469.03	36.89	533.99
	Add : Other unallocable income net of un allocable expenditure	—	—	—	—
	Net Profit before Tax	210.85	(506.74)	(207.93)	(503.82)
3.	Capital Employed (Segment Assets - Segment Liabilities)	2097.14	4776.23	1189.17	8062.54
	Unallocable corporate assets less corporate liabilities	—	—	—	349.55
	Total Capital Employed	—	—	—	8412.09

**SCHEDULES (Contd...)**

**19. Disclosure as required under Accounting Standard (AS) 15 of the Companies (Accounting Standards)**

	<b>As at 31.03.2009 (Rs.in lakhs)</b>	<b>As at 31.03.2008 (Rs.in lakhs)</b>
<b>Defined Benefit Plans : Gratuity</b>		
<b>(A) Changes in Present value of obligations</b>		
Present Value of Benefit Obligations at the beginning of the year	65.64	58.36
Interest Cost	4.40	4.45
Current Service Cost	4.98	4.23
Benefits paid	(5.56)	(6.06)
Actuarial (Gain) / Loss on benefit obligation	5.23	4.66
Present Value of Benefit Obligations at the end of the year	74.69	65.64
<b>(B) Changes in the Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	65.64	52.47
Expected Return on Plan Assets	5.74	4.95
Contributions	—	5.89
Actuarial Gain / Loss on plan assts	—	—
Benefits paid	(5.56)	(6.06)
Fair Value of Plan Assets at the end of the year	65.82	57.25
<b>(C) Actuarial Gain / Loss recognised</b>		
Actuarial Gain / Loss for the year - Obligation	5.74	4.66
Actuarial Gain / Loss for the year - Plan Assets	—	—
Total Gain / Loss recognised in the Financial Year	5.74	4.66
<b>(D) Expenses recognised in Profit and Loss Account</b>		
Interest Cost on Benefit Obligations	4.40	4.45
Service Cost on Benefit Obligations	4.98	4.23
Expected return on Plan Assets	5.74	4.95
Net Gain / Loss recognised in the Profit and Loss Account	5.74	4.66
Expenses recognised in Profit and Loss Account	9.38	8.39
<b>(E) Liabilities recognised in the Balance Sheet</b>		
Present Value of Benefit Obligations at the end of the financial year	74.69	65.64
Fair Value of Plan Assets	65.82	57.25
Funded Status	8.87	8.39
Net Assets/ Liabilities recognised in Balance Sheet	8.87	8.39
<b>(F) Actuarial Assumptions</b>		
Discount Rate	7.00%	8.00%
Expected return on Plan Assets	10.00%	9.00%
Salary increase	5.00%	5.00%

**20. Comparative figures for previous year have been re-classified and re-grouped wherever necessary to confirm to this year's classifications.**

In accordance with my report attached

**P. MARIMUTHU**

Chartered Accountant  
Membership No. 5770

**T.V.KRISHNAMURTHI**

Secretary

Place : Coimbatore

Date : 4<sup>th</sup> June, 2009

**S.Govindan**  
Director

**Suresh Jagannathan**  
Managing Director

**Cash Flow Statement for the year ended 31st March, 2009**

	Rs. In Lakhs	
	31.03.2009	31.03.2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	<b>-429.45</b>	431.58
Adjustments for		
Depreciation	<b>533.99</b>	420.72
Investments	<b>(1.32)</b>	(24.94)
Dividend	—	—
Interest Paid (Net)	<b>629.77</b>	482.25
	<b>1162.44</b>	878.03
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<b>732.99</b>	1309.61
Adjustments for		
Trade and other Receivables	<b>(234.51)</b>	(253.47)
Inventories	<b>1335.76</b>	(1608.20)
Trade Payables	<b>(323.21)</b>	(105.79)
	<b>778.04</b>	(1967.46)
Cash generated from operations	<b>1511.03</b>	(657.85)
Less : Interest Paid (Net)	<b>629.77</b>	482.25
Less : Direct Taxes Paid	<b>5.91</b>	31.41
	<b>635.68</b>	513.66
Cash flow before extraordinary items	<b>875.35</b>	(1171.51)
Extraordinary Items	<b>(74.37)</b>	(103.74)
Net cash from operating activities	<b>800.98</b>	(1275.25)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(605.83)</b>	(1436.16)
Sale of Fixed Assets	<b>16.25</b>	36.27
Purchase/sale of Investment (Net)	—	1.04
Deferred Revenue Expenditure	<b>74.36</b>	112.61
Dividend Received	—	(1286.24)
Net cash used in investing activities	<b>(515.22)</b>	(1286.24)

Rs. In Lakhs  
**31.03.2009**                      31.03.2008

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from public issues and reserves on amalgamation	—	—	
Proceeds from long term borrowings (Net)	<b>994.36</b>	693.23	
Unsecured loans, deposits and VRS	<b>(710.11)</b>	915.32	
Working capital borrowings	<b>(554.25)</b>	943.78	
Dividend and tax paid	—	<b>(270.00)</b>	2434.85
	<hr/>	<hr/>	
Net increase in cash and cash equivalents (a+b+c)	<b>15.76</b>		(126.64)
	<hr/>		<hr/>
Cash and cash equivalents at the beginning of the year	<b>62.86</b>		189.50
Cash and cash equivalents at the close of the year	<b>78.62</b>		62.86

**S.Govindan**  
Director

**Suresh Jagannathan**  
Managing Director

**T.V.Krishnamurthi**  
Secretary

**AUDITOR'S CERTIFICATE**

I have verified the above cash flow of KLRF Limited, Gangaikondan derived from the audited annual financial statement for the years 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2008 and found the same to be drawn in accordance therewith and also with the requirement of Clause 32 of the listing agreements with Stock Exchanges.

Place : Coimbatore  
Date : 4<sup>th</sup> June, 2009

**P.MARIMUTHU**  
Chartered Accountant  
Membership No.5770

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**1. Registration Details**

Registration Number	4674
Balance Sheet Date	31.03.2009

State Code	18
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**2. Capital raised during the year (Amount in Rs.Thousands)**

Public Issue	NIL
Bonus Issue	NIL

Rights Issue	NIL
Private Placement	NIL

**3. Position of mobilisation and deployment of funds (Amount in Rs.Thousands)**

Total Liabilities	888893
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Total Assets	888893
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**Sources of funds**

Paid up capital	50206
Secured Loan	567160

Reserves and Surplus	181659
Unsecured Loans	89868

**Application of funds**

Net Fixed Assets	423138
Net Current Assets	408438

Investments	48
Deferred Revenue Expenditure	47684
Deferred Tax	9585

**4. Performance of the Company (Amount in Rs. Thousands)**

Turnover	1448906
Profit/Loss before Tax	(50382)
Earnings per share in Rs.	(8.66)

Total Expenditure	1499288
Profit/Loss after tax	(43478)
Dividend (%)	NIL

**5. Generic names of three principal products/services of company (as per monetary terms)**

Item Code No. (ITC)	11010000
Product Description	WHEAT FLOUR
Item Code No. (ITC Code)	52071000
Product Description	COTTON YARN
Item Code No. (ITC Code)	73251000
Product Description	IRON CASTINGS

In accordance with my report attached

**P. MARIMUTHU**  
Chartered Accountant  
Membership No.5770

**T.V.KRISHNAMURTHI**  
Secretary

Place : Coimbatore  
Date : 4<sup>th</sup> June, 2009

**S. Govindan**  
Director

**Suresh Jagannathan**  
Managing Director

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## KLRF Limited

Regd. Office : 75/8, Benares Cape Road, Gangaikondan – 627 352

### ADMISSION SLIP

Name of the Member/ Joint holder	
Name of Proxy	

I hereby record my presence at the 47<sup>th</sup> Annual General Meeting of the Company held on Thursday, the 24<sup>th</sup> September, 2009 at 10.45 AM at the Registered Office : 75/8, Benares Cape Road, Gangaikondan – 627 352.

Folio No. Demat A/C No.	
----------------------------	--

.....  
Signature of Member / Proxy

No. of Shares	
---------------	--

## KLRF Limited

Regd. Office : 75/8, Benares Cape Road, Gangaikondan – 627 352

### PROXY FORM

I / We .....  
of ..... being a Member /  
Members of KLRF Limited hereby appoint .....  
..... of .....  
or failing him ..... of .....  
as my / our Proxy to attend and vote for me / us on my / our behalf at the 47<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, the 24<sup>th</sup> September, 2009 at 10.45 AM at the Registered Office : 75/8, Benares Cape Road, Gangaikondan – 627 352 and at any adjournment thereof.

Signed this ..... day of ..... 2009.

Folio No. Demat A/C No.	
----------------------------	--

No. of Shares	
---------------	--

**Affix  
Re1  
Revenue  
Stamp**

- Notes :**
- (1) The form should be signed across the stamp as per specimen signature registered with the Company.
  - (2) The proxy form duly completed must reach the Registered Office of the Company at 75/8, Benares Cape Road, Gangaikondan – 627 352, not less than 48 hours before the time of meeting.

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To

*If undelivered, please return to :*

**KLRF Limited**

75/8, Benares Cape Road

Gangaikondan – 627 352

Tirunelveli District