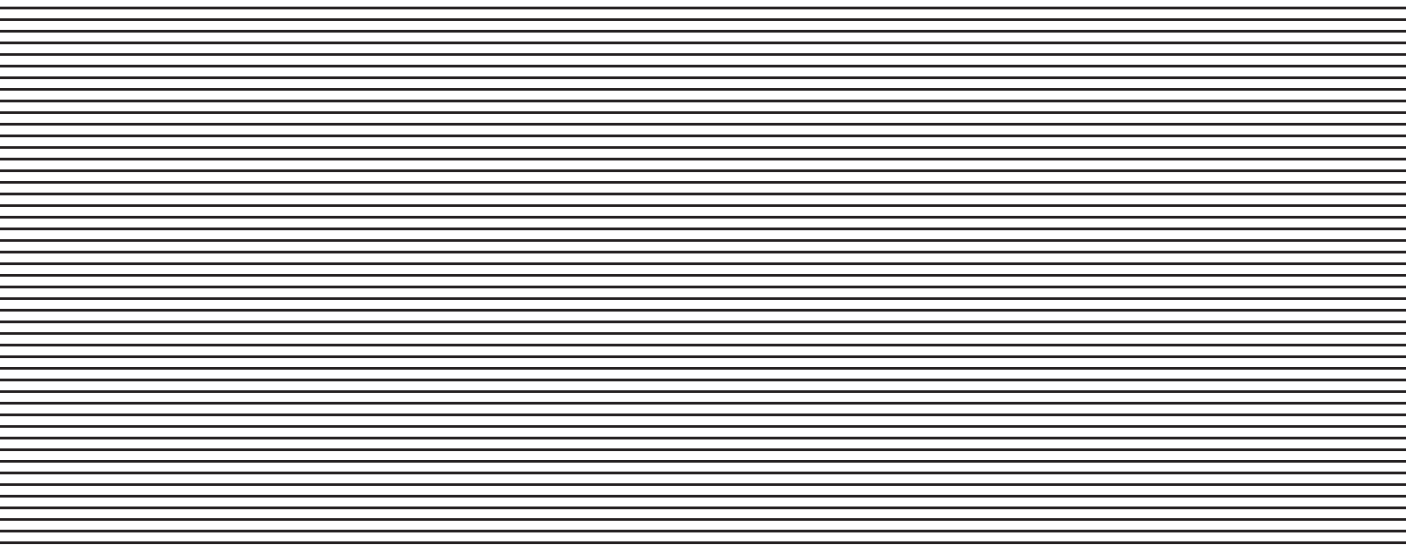




2010
Annual Report



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 Suri & Co.,

Chartered Accountants

Bankers

Canara Bank

Indian Overseas Bank

Punjab National Bank

IDBI Bank Ltd.,

Registered Office

75/8, Benares Cape Road,

Gangaikondan – 627 352

Administrative Office

1054/21, Avanashi Road,

Coimbatore-641 018

Food Division

Gangaikondan – 627 352

Textile Division

Gangaikondan – 627 352

N.Subbiahpuram – 626 205

Engineering Division

Coimbatore – 641 020

Registrar and Share Transfer Agent

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 Fortyeighth Annual General Meeting of the Company will be held on Wednesday the 29th September, 2010 at 9.30 a.m., at the Company's Registered Office at Gangaikondan, Tirunelveli District to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31.03.2010 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 Mr.Sudarsan Varadaraj who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr.K.Gnanasekaran 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 Haribhakti & 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 both Sheet Metal and Foundry Division, Coimbatore for the financial year 2010 – 2011 on a remuneration of Rs.300000/- (Rupees three lakhs only) excluding applicable taxes and out of pocket expenses incurred in connection with the audit."

6. **To consider re-appointment of Mr.Suresh Jagannathan, Managing Director.**

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

Resolved that pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto) Mr. Suresh Jagannathan be and is hereby reappointed as Managing Director of the Company, for a further period of 5 (five) years with effect from 11th March, 2011 on the following terms and conditions with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the remuneration within the overall limits specified in Schedule XIII to the Companies Act, 1956.

Remuneration

- | | |
|--|---|
| I) Salary | Rs.90,000/- per month with an annual increment of Rs.6000/- |
| II) Commission
(Including
Salary and
Perquisites) | Not Exceeding 5% of the Net Profit of the Company computed in accordance with Sections 198, 309 and 349 of the Companies Act, 1956. |

III) Perquisites

Category “A”

1. Housing :

Unfurnished accommodation will be provided. In its absence, 60% of the salary will be paid as House Rent Allowance.

2. Other perquisites:

The following perquisites shall be allowed subject to a maximum perquisites which shall not exceed 30% of the salary.

(a) Reimbursement of medical expenses incurred for self and his family.

(b) Leave (as per rules of the Company).

(c) Leave Travel Concession for self and his family.

(d) Reimbursement of expenditure incurred on gas, electricity, water, furnishings and appliances.

(e) Reimbursement of club expenses for self.

(f) Health and personal accident insurance cover for self.

Category “ B”

Company’s contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites. Gratuity payable shall not exceed 15 days for each completed year of service.

Category “C”

Provision of telephone and car.

“Resolved further that in the event of no profit or inadequacy of profit, the remuneration payable to Mr.Suresh Jagannathan, Managing Director shall not exceed the limit specified in Section II of Part II of Schedule XIII of the Companies Act, 1956, as modified from time to time or such other limits as may be notified by the Government from time to time as minimum remuneration”.

Item No.7.To consider re-appointment of Mr.V.N.Jayaprakasam, Executive Director

To Consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resoultion.

Resolved that pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto) Mr.V.N.Jayaprakasam be and is hereby appointed as “Executive Director” of the Company, for a further period of 2 (two) years with effect from 1.7.2010 on the following terms and conditions with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the remuneration within the overall limits specified in Schedule XIII of the Companies Act, 1956.

Remuneration

- I) Salary Rs.90000/- per month with an annual increment of Rs.7500/-
- II) Commission 0.50% of the Net Profit of the Company computed in accordance with Sections 198, 309 and 349 of the Companies Act, 1956 subject to a maximum of Rs.5 lakhs.
- III) Perquisites In addition to salary and commission perquisites shall be allowed as detailed below

Category “A”

a. Housing:

Unfurnished accommodation will be provided. In its absence 60% of the salary will be paid as house rent allowance.

b. Other perquisites:

The following perquisites shall be allowed subject to a maximum of 30 % of the salary.

- (a) Reimbursement of medical expenses incurred for self and his family.
- (b) Leave Travel Concession for self and his family.
- (c) Reimbursement of expenditure incurred on gas, electricity, water, furnishings and appliances.
- (d) Reimbursement of club expenses subject to a maximum of Rs.3000/- per month except admission and life membership fees.
- (e) Health and personal accident insurance cover for self.

Category “ B”

Company’s contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites. Gratuity payable shall not exceed 15 days salary for each completed year of service.

Category “C”

Provision of telephone and car.

“Resolved Further that in the event of no profit or inadequacy of profit, the remuneration payable to Mr.V.N.Jayaprakasam, Executive Director shall not exceed the limit specified in Section II of Part II of Schedule XIII of the Companies Act, 1956, as modified from time to time or such other limits as may be notified by the Government from time to time as minimum remuneration”.

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

Item No.5

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 of the Notice seeks the authorization of the members to appoint Branch Auditors for the year 2010-2011.

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

Item No.6

The present tenure of Mr.Suresh Jagannathan, Managing Director, expires on 10th March, 2011. The Board of Directors considers that it will be in the interest of the Company to continue to have the benefits of the service and advice of the Managing Director. In view of the knowledge and experience in the industry, the Company can utilise his services for the future growth by the proposed re-appointment as Managing Director for a period of five years.

In terms of Section 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 the said appointment, payment of remuneration and other perquisites require the approval of shareholders in General Meeting as contemplated therein.

None of the Directors except Mrs.J.Chandranthi and Mr.Suresh Jagannathan are interested in the resolution. This is to be regarded as an abstract of terms and memorandum of interest under Section 302 of the Companies Act, 1956.

Item No.7

The present tenure of Mr.V.N.Jayaprakasam, Executive Director shall be expiring by 30th June, 2010. The Board of Directors consider that it will be in the interest of the company to continue to have the benefits of the service and advice of the Executive Director. In view of the knowledge and experience in the Industry, the Company can utilize his services for the future growth by the proposed re-appointment as Executive Director for another term of two years with effect from 1.7.2010.

In terms of Sections 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956, the said appointment, payment of remuneration and other perquisites require the approval of the shareholders in General Meeting as contemplated therein.

None of the directors except Mr.V.N.Jayaprakasam is interested in the resolution. This is to be regarded as an abstract of terms and memorandum of interest under Section 302 of the Companies Act, 1956.

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 22nd September to 29th September, 2010 (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 2001-2002 have already been transferred to Investors' Education and Protection Fund.

KLRF Limited

6. Members who have till date not encashed their dividend warrants for the financial year 2002-2003 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. Re-appointment 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 : Sudarsan Varadaraj
Age : 52 years
Qualification : B.E., (Hons), M.S. (Mech.Engg.)
Expertise : 29 years of experience in Rubber Industry

Name of the Company	Position held	Membership of the Committee
Elgi Rubber Company Limited	Managing Director	Investors Grievance Committee
Treadsdirect Ltd.,	Chairman & Managing Director	Investors Grievance Committee
Elgi Equipments Limited	Director	Nil
Elgi Aviation Tyres Limited	Director	Nil
Elgi Ultra Industries Limited	Director	Nil
LRG Technologies Limited	Director	Nil
Super Spinning Mills Limited	Director	Audit Committee

b) Name : K.Gnanasekaran
Age : 58 years
Qualification : B.Com., F.C.A.,
Expertise : 31years of experience in Finance and Accounts

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

By Order of the Board

Place : Coimbatore
Date : 27th May, 2010

K.Gnanasekaran
Director

Suresh Jagannathan
Managing Director

DIRECTORS' REPORT AND MANAGEMENT ANALYSIS

Dear Shareholders,

The Directors present their Forty-eighth Annual Report together with the audited statement of accounts for the year ended 31st March 2010. The management discussion and analysis report have been included at the appropriate places in this report.

(Rs.in lakhs)

FINANCIAL RESULTS	31.03.2010	31.03.2009
Profit before financial charges and depreciation	1360.89	659.95
Less : Financial charges	755.22	629.77
	<hr/>	<hr/>
Profit before depreciation	605.67	30.18
Less : Depreciation	540.43	533.99
	<hr/>	<hr/>
Profit/Loss before tax	65.24	(503.81)
Less : Provision for tax – Current	—	—
– Deferred	16.27	(74.95)
– Fringe Benefit Tax	—	5.91
– For prior years	(2.65)	—
	<hr/>	<hr/>
Net Profit/Loss after tax available for appropriation	51.62	(434.77)
	<hr/>	<hr/>
Appropriations		
Proposed Dividend	—	—
Provision for Dividend Tax	—	—
Transfer to General Reserve	—	—
Balance adjusted in Profit and Loss Account	51.62	(434.77)
	<hr/>	<hr/>
Total	51.62	(434.77)
	<hr/>	<hr/>

INDUSTRY STRUCTURE AND DEVELOPMENTS

Results

The turnover of the company for the year is Rs.162 crores as against Rs.150 crores last year.

The Company has earned a profit of Rs.65 lakhs after charging Rs.104 lakhs as Voluntary Retirement Scheme Compensation and terminal benefits to employees, public issue expenses and amalgamation expenses to the extent written off during the year.

The Food Division earned a net profit of Rs.337 lakhs

The Food Division milled 46999 Metric tons of wheat and accounted for 51% of the turnover of the company.

The Textile Division has sustained a net loss of Rs.150 lakhs.

Engineering Division has sustained a net loss of Rs.122 lakhs after charging Rs.82 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 31st March, 2010.

CAPITAL INVESTMENT

We have made a total capital investment of Rs.448 lakhs. An amount of Rs.384 lakhs was invested in engineering division, Rs.33 lakhs in Food Division and Rs.31 lakhs was invested in Textile Division. These investments will result in increase of production and improvement in quality.

ECONOMIC OUTLOOK FOR THE YEAR

Liberal monetary policies and economic stimulus package extended by the government has resulted in earlier revival of the economy.

G.D.P reached a level of 8.6 % in the last quarter of 2009 - 2010

Growth in exports, increase in agricultural and industrial production, gives confidence that the economic growth will be sustained and improve further.

Opportunities, Challenges, Risks & Concerns

Food Division

Wheat production in the crop year has been satisfactory at 78 million tons.

Ample food grain stocks are available with the government. Import of wheat also continues to be permitted.

This ensures continuous supply of raw material at stable prices, leading to profitable operation of this division.

Further, in view of the comfortable wheat stock level, government might allow export of wheat products which will result in better capacity utilization.

Textile Division

Production of raw cotton is expected to be higher by 6 to 7% this year, leading to supply of raw material at stable and favourable price.

It is gratifying that global economy has seen a revival and demand for both apparel and yarn increased considerably. Policies announced by government is conducive for the satisfactory growth and profitability of Textile Industry.

However, availability of quality power continues to be a major concern.

Unfavourable economic condition in Europe and volatility of Euro currency may impact the export markets adversely.

Engineering Division

Demand for the products of Foundry and Sheet Metal Division continues to be good.

Modernisation, addition of balancing equipment and quality control instrumentation has been completed in this Division.

Benefit of these efforts will accrue this year leading to better profitability.

Power being a major input in the foundry operation, uncertainty in power availability might affect the operations of this division.

Unbridled growth in inflation leading to stringent government measures may affect availability and cost of finance adversely.

This may have grave impact on operations and profitability of all Divisions.

FOREIGN EXCHANGE DERIVATIVE CONTRACT

A forex derivative contract entered for a value of Rs.500 lakhs which was unwound during May-2009 resulting in a loss of Rs.9788700/- which included interest during the financial year 2009-2010

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 31.03.2010.

DIRECTORS

Mr.Sudarsan Varadaraj and Mr.K.Gnanasekaran retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

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 31st March 2010, 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 profit 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 31st March 2010 on a going concern basis.

AUDITORS

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

The Board proposed M/s Haribhakti & Co., Chartered Accountants as branch auditor for foundry and sheet metal division of the company in the place of retiring auditors M/s Suri & Co., and M/s Srivatsan & Gita, Chartered Accountants to hold office from the conclusion of the annual general meeting to until the conclusion of the next annual general meeting.

The Board of Directors placed on record their appreciation of the valuable contribution contributed by M/s Suri & Co., and M/s Srivatsan & Gita, Chartered Accountants during their association with the company.

Mr.M.Kannan, Cost Accountant has been appointed as Cost Auditor for the year 2010-2011 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, Madras Stock Exchange Ltd and traded in National Stock Exchange Ltd., under permitted category. Necessary listing fees for the year have been paid. Company has filed de-listing application with Coimbatore Stock Exchange 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 and Punjab National Bank.

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
Date : 27th May, 2010

K.Gnanasekaran
Director

Suresh Jagannathan
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, 2010.

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)

A. POWER AND FUEL CONSUMPTION	Current year	Previous year
1. Electricity		
(a) Purchased units From TNEB	9616884	10950855
Total amount (Rs.)	41816347	47507479
Rate/Unit (Rs.)	4.35	4.34
(b) Own generation		
Through diesel generation (units)	1884938	1092808
Units Per Ltr of diesel oil	3.43	3.49
Cost/per unit (Rs.)	9.63	9.51
(c) Through steam turbine/generator	Nil	Nil
Units per Ltr of fuel		
Oil/Gas		
Cost/Unit		
(d) Wind Mill Generation		
Qty.(Units)	11694714	10029627
Total cost (Rs.)	44269020	44847258
Cost per unit (Rs.)	3.79	4.47
(e) Units purchased from others	1269259	1381615
Rate per unit	3.33	3.36
2. Coal	Nil	Nil
Qty. (tons)		
Total Cost		
Avg.Rate		
3. Furnace Oil	Nil	Nil
Qty.(K.Lts)		
Total amount		
Avg.Rate		

B. CONSUMPTION PER UNIT OF PRODUCTION

Standards (if any)

Cotton yarn in Kgs.	4505142	4156193
Electricity per unit of production	2.83	3.23

II. TECHNOLOGY ABSORPTION

- | | |
|---|-----------------------|
| 1. Specific areas in which R & D carried out by the Company | Not applicable |
| 2. Benefit derived as a result of the above R & D | Not applicable |
| 3. Future plan of action | Not applicable |
| 4. Expenditure on R & D | Not applicable |
| 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. | Not applicable |
| 2. Benefits arrived as a result of the above efforts, eg., product improvement, cost reduction, product development, import substitution etc., innovation. | Not applicable |
| 3. Technology imported. | Not applicable |

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|---|---|
| 1. Activities relating to exports | During the year iron castings were exported to Germany & France and yarn was exported to Egypt. |
| 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.882.54 lakhs |
| Earned | Rs.169.77 lakhs |

Place : Coimbatore
Date : 27th May, 2010

By Order of the Board
K.Gnanasekaran 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	7	—	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

4th June, 2009, 27th July, 2009, 29th October, 2009 and 22nd January, 2010

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	3	No
V.N.Jayaprakasam	4	3	Yes
S.Govindan	4	4	Yes
R.Sethumadhavan	4	1	No
K.Gnanasekaran	4	3	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.

Name of the Member	Category	Status
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 Minutes of Shareholders Committee were placed at the Board Meeting. During the year, the Company had not received any complaints from the shareholders. There are no pending share transfers/complaints.

Unclaimed shares demat suspense account.

Pursuant to new clause 5A of the listing agreement, Company has opened unclaimed shares demat suspense account with Coimbatore Capital Limited having connectivity with NSDL. Details of unclaimed shares as on 31.03.2010 are as follows;

Opening number of shareholders	Opening number of shares	Transferred to rightful owner during the year Number	Transferred to rightful owner during the year shares	Closing number of shareholders	Closing number of shares
4	2700	2	2100	2	600

Voting rights in respect 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.

KLRF Limited

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

Name of the Member	Category	Attendance
Mr.K.Gnanasekaran(Chairman)	Non – Executive - Independent	3
Mr.Sudarsan Varadaraj	Non – Executive - Independent	3
Mr..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 2009 – 2010, 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	3 rd June, 2009, 27 th July, 2009, 28 th October, 2009 and 22 nd January, 2010

(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. No meeting held during the year 2009-2010.

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
(Amount in Rupees)

Name	Salary	Perquisites	Sitting Fees	Total
Mrs.J.Chandrankanthi	1632000	377308	—	2009308
Mr.Suresh Jagannathan	1503877	225460	—	1729337
Mr.V.N.Jayaprakasam	967500	74548	—	1042048
Mr.Sudarsan Varadaraj	—	—	12000	12000
Dr.R.Sethumadhavan	—	—	2000	2000
Mr.K.Gnanasekaran	—	—	12000	12000
Mr.S.Govindan	—	—	32000	32000

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
2007 45 th AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District - 627 352	28.09.2007	09.45 a.m.,
2008 46 th AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District - 627 352	25.09.2008	10.45 a.m.,
2009 47 th AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District - 627 352	24.09.2009	10.45 a.m.,

Details of special resolutions passed in the previous three AGMs.

Year	Details of Special Resolutions passed
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 the financial year.
2008 – 09	NIL

5. Management Discussion and Analysis Report

The contents of the Management Discussion and Analysis Report have been included in the Directors' Report at the appropriate places and thus the said report forms part of the annual report.

6. Disclosures

- a. 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.
- b. The Company has complied with all the requirements of the listing agreement of the Stock Exchange as well as regulations and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, Stock Exchange or any other statutory authority on matters relating to capital markets in the last three years.
- c. The Company does not have any whistle blower policy. However any employee if he/she so desires, would have free access to meet senior level management and report any matter of concern.
- d. The Company has complied with all the mandatory requirements of corporate governance norms as enumerated in Clause 49 of the listing agreement.

The Company has adopted the following non mandatory requirements of corporate governance recommended under Clause 49 of the listing agreement.

1. Company has a remuneration committee comprising of three non executive independent directors.
2. The Company has not adopted the other non-mandatory requirements.

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 31st March, 2010. The Company's Managing Director's declaration to this effect forms a 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 / designed employees. The code ensure the prevention of dealing in shares by persons having accessed 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.

The copies of the results are forwarded to concerned stock exchanges immediately after they are approved by the board for publication in their website.

10. General Shareholder information

A. Annual General Meeting

Date 29.09.2010

Time 9.30A.M.,

Venue 75/8, Benares Cape Road, Gangaikondan-627 352

Financial Year April to March

B. Book Closure : 22.09.2010 to 29.09.2010

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.

Madras Stock Exchange Ltd., Stock Code : "KOVILPATTI"

Exchange Building, Post Box No.183

11, Second Line Beach, Chennai – 600 001

The Company's Equity Shares are traded in National Stock Exchange of India Limited Mumbai, under permitted category.

The Company has paid the Annual listing fees for the year 2010 – 2011 except Coimbatore Stock Exchange, for which company has filed de-listing application on 10.1.2010.

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

Month	High (Rs)	Low (Rs.)
April – 2009	17.60	12.57
May	18.53	13.51
June	19.50	14.10
July	16.70	13.50
August	20.00	14.00
September	19.80	16.10
October	22.35	13.60
November	21.35	16.90
December	23.00	17.90
January – 2010	29.55	21.90
February	26.15	22.85
March	28.00	22.00

F. Dematerialisation of shares and liquidity as on 31st March, 2010.

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	2920363	58.17 %
Central Depository Services (India) Limited	781275	15.56 %
Total	3701638	73.33 %

Outstanding GDRs / ADR / Warrants, Convertibly 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. Secretarial Audit

A qualified Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd., (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

J. Distribution of Shareholding as on 31.03.2010

No.of shares held	SHAREHOLDERS		SHAREHOLDING	
	Nos	%	Nos	%
Upto 500	5453	86.92	743463	14.81
501 - 1000	451	7.19	363999	7.25
1001 - 2000	189	3.01	288906	5.75
2001 - 3000	63	1.00	157671	3.14
3001 - 4000	27	0.43	95040	1.89
4001 - 5000	27	0.43	126931	2.53
5001 - 10000	34	0.54	237469	4.73
10001 & above	30	0.48	3007165	59.90
Total	6274	100.00	5020644	100.00

K. Shareholding pattern as on 31.03.2010

Particulars	No.of shares held	Percentage of Shareholding
Promoter's Holding	1959022	39.02
Individual Directors and their Relatives	5100	0.10
Banks/FIS/Mutual Funds	805	0.02
Private Corporate Bodies	417799	8.32
Insurance Companies	250000	4.98
NRI/OCBs	16828	0.34
Indian Public	2371090	47.23
Total	5020644	100.00

L. Plant Location

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

M. 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, Sowripalayam Road, Coimbatore - 641 028.
Phone : 0422 - 2315792 Fax : 0422 - 2314792
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
Date : 27th May, 2010

K.Gnanasekaran
Director

Suresh Jagannathan
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 2009 – 2010.

Place : Coimbatore
Date : 27th May, 2010

Suresh Jagannathan
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 31.03.2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 : 27th May, 2010

P.Marimuthu

Chartered Accountant

Membership No : 5770

CEO & CFO CERTIFICATE

The Board of Directors

KLRF Limited, Gangaikondan – 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 2009 – 2010 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 : 27th May, 2010

Suresh Jagannathan

Managing Director

REPORT OF THE AUDITOR

1. I have audited the attached balance sheet of KLRF LIMITED, GANGAIKONDAN as at 31st March, 2010, 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 31st March, 2010 and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31st March, 2010 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 31st March, 2010.
 - (b) in the case of Profit and Loss Account, of the profit 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 : 27th May, 2010

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 in the textile division 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 31.03.2010 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 for payment as at 31.3.2010 is Rs12.43 lakhs out of total dues of Rs.29.08 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
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 not availed term loan during the year from Financial Institutions/ Banks.
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.
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.

Place : Coimbatore
Date : 27th May, 2010

P.Marimuthu
Chartered Accountant
Membership No : 5770

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rupees)

Particulars	Schedule	31.03.2010	31.03.2009
I. SOURCES OF FUNDS			
A. SHARE HOLDERS' FUNDS			
Share capital	1	50206440	50206440
Reserves and Surplus	2	181054139	181658458
		231260579	231864898
B. LOAN FUNDS			
Secured Loans	3	624692893	567160015
Unsecured Loans	4	48552213	89868271
		673245106	657028286
TOTAL		904505685	888893184
II. APPLICATION OF FUNDS			
A. FIXED ASSETS			
Gross Block	5	964182721	925233844
Less: Depreciation		552975644	502096112
		411207077	423137732
B. INVESTMENTS	6	15000	48104
C. CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	331816246	242900453
Sundry Debtors	8	111144198	137087646
Cash and Bank Balances	9	8221526	7862632
Loans and Advances	10	78986223	97976249
		530168193	485826980
Less :Current Liabilities and Provisions	11	77007503	77388917
		453160690	408438063
D. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	12	32165436	47684429
E. DEFERRED TAX		7957482	9584856
TOTAL		904505685	888893184
NOTES	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 of date attached

P. MARIMUTHU

Chartered Accountant
Membership No. 5770

K.Gnanasekaran

Director

Place : Coimbatore
Date : 27th May, 2010

Suresh Jagannathan
Managing Director

SCHEDULES

				(Rupees)	
Particulars	31.03.2010			31.03.2009	
1. SHARE CAPITAL					
Authorised					
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	
	<u>150000000</u>			<u>150000000</u>	
Issued and Subscribed					
51,19,598 Equity Shares of Rs. 10/- each	51195980			51195980	
Called and Paid up					
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.					
	<u>50206440</u>			<u>50206440</u>	
<hr/>					
2. RESERVES AND SURPLUS	As on 1.4.2009	Additions	Withdrawal	As on 31.03.2010	As on 31.03.2009
Capital Reserve	2071233	—	—	2071233	2071233
Securities Premium	164215420	—	—	164215420	164215420
Revaluation Reserve	15371805	—	604319	14767486	15371805
TOTAL	<u>181658458</u>	<u>—</u>	<u>604319</u>	<u>181054139</u>	<u>181658458</u>
<hr/>					
GENERAL RESERVE	As on 31.03.2010			As on 31.03.2009	
As per last Balance Sheet	99497443			99497443	
Additions during the year	—	99497443			99497443
Less : Transferred to Profit and Loss Account as per contra		99497443			99497443
TOTAL		<u>—</u>			<u>—</u>

SCHEDULES (Contd...)

	31.03.2010	31.03.2009		
(Rupees)				
Particulars				
3. SECURED LOANS				
(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	176172657	107180836		
Open Loan and Packing Credit Loan from Indian Overseas Bank on the security of stock in trade	76130139	78885364		
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	32786000		
Term Loan from Indian Overseas Bank on the security of Land, Buildings, Machineries pertaining to 1 No 1250 KW Wind Mill situated at Parameshwarapuram Village, Tirunelveli District.	34928000	34928000		
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.	169371003	169372697		
Term Loan from IDBI Bank Ltd., on exclusive charge on the Land and Buildings of Foundry Division.	120000000	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.	9254000	15430000		
Vehicle Loan from canara Bank Indian Overseas Bank and ICICI Bank Ltd., on the security of vehicle.	6051094	8577118		
TOTAL	<u>624692893</u>	<u>567160015</u>		
4. UNSECURED LOANS				
Deposits and Loans from Directors	4640489	2116180		
Fixed Deposits from public and shareholders	43591724	37693197		
Other loans	—	49723894		
Security Deposits from dealers	320000	335000		
TOTAL	<u>48552213</u>	<u>89868271</u>		
5. FIXED ASSETS				
	GROSS BLOCK	NET BLOCK		
Description of Assets	As of 01.04.09	As of 31.03.10	As of 31.03.10	As of 31.03.09
	Additions	Sales and adjustment	Depreciation upto 31.03.10	
Freehold Land	15558579	—	—	15558579
Buildings	75309998	5623285	34796384	46136899
Machineries	762461621	31168419	495054455	297176349
Vehicles	21618272	72800	5369078	12503024
Other Assets	32812024	5426159	17755727	19619800
Livestock	19026	—	—	—
Capital W.I.P	17454324	5841190	—	20212426
TOTAL	925233844	48131853	552975644	411207077
		9182976		423137732

SCHEDULES (Contd...)

				(Rupees)	
Particulars		31.03.2010		31.03.2009	
		Face value as on	Market Value as on	Cost 2010	Cost 2009
6. INVESTMENTS		31.03.10	31.03.10		
TRADE INVESTMENTS					
Quoted					
Lakshmi Synthetic Machinery Manufacturers Ltd					
15,000 Equity Shares of Rs. 10/- each					
fully paid up	150000	15000		15000	15000
Post Office saving deposits	—	—		—	31104
National Saving Certificate	—	—		—	2000
TOTAL				15000	48104
7. INVENTORIES					
(As valued and certified by the Management)					
(See Note 1 (c))					
Raw materials		247240562			176036910
Stock-in-process		17513146			10055192
Stores		9577243			8001809
Finished goods		55182915			47286601
Impurities , Runner & Riser		1354061			1037654
Gunnies		948319			482287
TOTAL		331816246			242900453
8. SUNDRY DEBTORS					
(Unsecured but considered good)					
Outstanding for more than six months		3461173			13031977
Other Debts		107683025			124055669
TOTAL		111144198			137087646
9. CASH AND BANK BALANCES					
Cash and Cheques on hand		2917043			548490
Balances with scheduled bank					
On Current Account		1837339			4002562
On Deposit Account		2666073			2437782
Unpaid Dividend Deposit Account		801071			873798
TOTAL		8221526			7862632
10. LOANS AND ADVANCES					
(Receivables in cash or in kind and considered good but not secured)					
Interest Receivables		326075			38520
Deposits		20386453			20443652
Advance for Purchases		19416845			17653990
Prepaid Expenses		4955525			4446939
Receivables		14216800			18582151
Other Advances		6533706			24151188
Taxes paid		13150819			12659809
TOTAL		78986223			97976249

SCHEDULES (Contd...)

Particulars	31.03.2010	31.03.2009
(Rupees)		
11. CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors	48797281	50728660
Liability for Expenses	18060095	19500647
Other Liabilities	9349056	6285812
Unclaimed Dividend	801071	873798
TOTAL	77007503	77388917
12. MISCELLANEOUS EXPENDITURE		
Compensation paid under Voluntary Retirement Scheme	8214430	13509463
Less : Written off during the year	8214430	—
Public Issue Expenses	5727695	7810487
Less : Written off during the year	2082792	3644903
Amalgamation Expenses	178332	237780
Less : Written off during the year	59448	118884
Debit Balance in Profit and Loss Account	133061415	89583519
Add/Less: Transfer from Profit and Loss Account	5162323	43477896
Less : Balance in General Reserve adjusted as per Contra	99497443	28401649
TOTAL	32165436	47684429
13. SALES AND CHARGES		
Wheat, Wheat products and Impurities	816520850	737101330
Sheet Metal Components	56715093	40415001
Yarn and Waste Cotton	509470430	487166546
Other Sales	4518904	4209971
Custom Milling	7847511	8279400
Castings	221681720	218449508
TOTAL	1616754508	1495621756
14. OTHER INCOME		
Miscellaneous Income	9042868	2864697
Profit on sale of asset	724648	585412
TOTAL	9767516	3450109
15. INCREASE / DECREASE IN FINISHED GOODS STOCK		
OPENING STOCK		
Finished Goods	47199755	61484354
Impurities, Runner & Riser	1124500	4155125
Gunnies	482287	530446
	48806542	66169925
CLOSING STOCK		
Finished Goods	55182915	47199755
Impurities, Runner & Riser	1354061	1124500
Gunnies	948319	482287
	57485295	48806542
Increase/Decrease in Finished Goods	8678753	(17363383)

SCHEDULES (Contd...)

Particulars	31.03.2010	31.03.2009
(Rupees)		
16. RAW MATERIALS CONSUMED		
Wheat	685048543	615643560
Iron Materials	118370410	114350050
Cotton	305364311	312568496
TOTAL	1108783264	1042562106
17. INTEREST		
Bank and Institutions	63049227	60900569
Fixed Deposit and Other Interest	14902476	4529727
	77951703	65430296
Less : Interest Receipts	2429779	2453464
TOTAL	75521924	62976832
18. OTHER EXPENSES		
Salaries, Wages and Bonus	64119356	60010889
Contribution to PF and other Funds	6112715	5989194
Employees' Welfare	1502256	1784916
Gratuity	218799	887755
Fabrication Charges	14558207	12021795
Power and Fuel	68660663	72758712
Stores, Spares and Packing Materials	63666514	56413469
Repairs to Machineries	26588252	25354215
Factory Maintenance and Buildings Repairs	7033830	4184894
Commission and Discount	8173394	7348648
Freight	7730556	7136232
Insurance	2794495	2757742
Auditor's Fees and Expenses	724199	675014
Rent and Office Maintenance	1111645	709102
Rates and Taxes	3513637	2071417
Advertisement and Sales Promotion Expenses	1148689	564938
Donation	—	35000
Miscellaneous Expenses	31729	24005
Water Charges and Maintenance	58564	52626
Printing and Stationery	1094199	982363
Postage, Telegram and Telephones	1242565	1305487
Subscription and Periodicals	481276	312043
Vehicle Maintenance	1463203	1608182
Travelling	4106656	4771024
Filing Fees	12755	270870
Legal Expenses and Professional Charges	5273081	8742144
Enlisting Fees	39708	51632
Furniture and other Repairs	46219	3490
Gardening	67298	119752
Lighting	172994	166728
Data Processing	437690	502398
Yarn Conversion Charges	1476946	879623
Pollution Control Expenses	74116	79381
Loss on Sale of Assets	237794	455157
Bank Commission	1997006	4353517
Bad Debts Written Off	10672760	3100
TOTAL	306643766	285387454

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	31.03.2010	31.03.2009
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
3. CONTINGENT LIABILITIES		
Claims, Excise and Customs Duty, Taxes and other matter-not acknowledged by the Company		
(a) Guarantees by Banks	4410000	4410000
(b) Claims against the Company not acknowledged as debts	1242811	1242811
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.		
4. Loss of Rs.97,88,700/- from a forex derivative contract entered for a value of Rs.500 lakhs which was unwounded during the year has been included in interest.		
5. Income tax appeals are pending before the Supreme Court for the Assessment years 1991-92 to 1993-94, 1995-96 and 1996-97 Commercial tax and levy of PF damages are pending in appeal.		
6. Remuneration to Whole time Directors:		
Salary and Allowances	4103377	3778846
Medical, Insurance and other benefits	677316	762321
Sitting Fees to Directors	58000	72000
	4838693	4613167
7. Expenditure in foreign currency :		
(a) Foreign travel	392345	943601
(b) Others	2544440	Nil
8. Value of imports on c.i.f. basis:		
(a) Raw Material	70490217	50048424
(b) Spares	215110	Nil
(c) Machinery	14612323	Nil
9. Earnings in foreign exchange:		
(a) Export of goods on f.o.b. basis	16977457	8596993
(b) Commission Received	Nil	1351667
10. Raw material consumed:		
Wheat	Value	%
– Indigenous	655281920	59.10
– Imported	29766623	2.68
Cotton	Value	%
– Indigenous	305364311	27.54
– Imported	—	—
Iron Materials	Value	%
– Indigenous	118370410	10.68
– Imported	—	—
	1108783264	100.00
	1042562106	100.00

SCHEDULES (Contd...)

Particulars	31.03.2010	31.03.2009
(Rupees)		
11. Audit fees and expenses :		
Statutory Audit Fees	165000	150000
Statutory Cost Audit Fees	22000	22000
Fees for other services and expenses	117199	109006
Internal Audit Fees	275000	250000
Branch Audit Fees	145000	144008
	724199	675014
12. Licensed and installed capacity :		
Flour Mill	Installed M.T	74000
Textile	Installed Spindles	29520
	Installed Rotors	1800
Foundry	Installed M.T	7200
13. Actual production meant for sale :		
(a) Wheat Milled	M.T	46999
Products obtained	M.T	46389
(b) Cotton Consumed	Kgs.	5494909
Products obtained	Kgs.	4505142
(c) Iron material Consumed	M.T	4431
Products obtained	M.T	4305
14. Opening and closing stock of finished goods :		
(a) Wheat Products		
Opening Stock	M.T	852
Closing Stock	M.T	940
(b) Trading goods		
Opening Stock	Numbers	Nil
Closing Stock	Numbers	Nil
(c) Cotton yarn		
Opening Stock	Kgs.	203852
Closing Stock	Kgs.	199064
(d) Iron materials		
Foundry Returns		
Opening Stock	M.T	50
Closing Stock	M.T	30
Finished goods		
Opening Stock	M.T	177
Closing Stock	M.T	192
15. Earning per share:		
Profit after taxes	5162323	(43477896)
Fully paid shares of Rs.10/- each	5020644	5020644
Earning per share	1.03	(8.66)
16. 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		

SCHEDULES (Contd...)

taxable income & depreciation and accounting income & depreciation that originate in one period and are capable of reversal in subsequent periods.

17. 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 31.03.2010.

18. Related Party Disclosure

The following are the transactions with related parties in terms of AS 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	16.07
2.	Ellargi & Co.,	Director interested concern	Purchase of fuel	1.68
3.	Cape Flour Mills Private Ltd.,	Director interested concern	Purchase of power	42.29
			Service - Trade mark permission	1.20
			Sale of sheet metal components	5.68
4.	Mckinnon India P Ltd.,	Director interested concern	Purchase of scraps	0.26
			Sale of sheet metal components	10.60
5.	Super Springs P Ltd.,	Director interested concern	Purchase of scraps	2.72

19. Segment Reporting

(Rs.in lakhs)

Sl.No.	Information about primary Business Segments	NAME OF THE SEGMENTS			Total
		Food Division	Textile Division	Engineering Division	
1.	Revenue	8038.97	5008.36	2619.79	15667.12
2.	Segment Results – Operating Profit	511.46	824.72	24.72	1360.91
	Less : Interest (Net)	145.79	515.58	93.85	755.22
	Segment Depreciation	28.47	459.15	52.82	540.44
	Add : Other unallocable income net of un allocable expenditure	—	—	—	—
	Net Profit before Tax	337.20	(150.01)	(121.95)	65.24
3.	Capital Employed (Segment Assets - Segment Liabilities)	2081.39	4957.03	1378.46	8416.88
	Unallocable corporate assets less corporate liabilities	—	—	—	306.52
	Total Capital Employed	—	—	—	8723.40

SCHEDULES (Contd...)

20. Disclosure as required under Accounting Standard (AS) 15 of the Companies (Accounting Standards) Rules.

	As at 31.03.2010 (Rs.in lakhs)	As at 31.03.2009 (Rs.in lakhs)
Defined Benefit Plans : Gratuity		
(A) Changes in Present value of obligations		
Present Value of Benefit Obligations at the beginning of the year	74.69	65.64
Interest Cost	5.35	4.40
Current Service Cost	2.66	4.98
Benefits paid	(6.93)	(5.56)
Actuarial (Gain) / Loss on benefit obligation	(4.25)	5.23
Present Value of Benefit Obligations at the end of the year	71.52	74.69
(B) Changes in the Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	74.69	65.64
Expected Return on Plan Assets	6.17	5.74
Contributions	—	—
Actuarial Gain / Loss on plan assts	(4.60)	—
Benefits paid	(6.93)	(5.56)
Fair Value of Plan Assets at the end of the year	69.33	65.82
(C) Actuarial Gain / Loss recognised		
Actuarial Gain / Loss for the year - Obligation	(4.25)	5.74
Actuarial Gain / Loss for the year - Plan Assets	4.60	—
Total Gain / Loss recognised in the Financial Year	0.35	5.74
(D) Expenses recognised in Profit and Loss Account		
Interest Cost on Benefit Obligations	5.35	4.40
Service Cost on Benefit Obligations	2.66	4.98
Expected return on Plan Assets	6.17	5.74
Net Gain / Loss recognised in the Profit and Loss Account	0.35	5.74
Expenses recognised in Profit and Loss Account	2.19	9.38
(E) Liabilities recognised in the Balance Sheet		
Present Value of Benefit Obligations at the end of the financial year	71.52	74.69
Fair Value of Plan Assets	69.33	65.82
Funded Status	2.19	8.87
Net Assets/ Liabilities recognised in Balance Sheet	2.19	8.87
(F) Actuarial Assumptions		
Discount Rate	7.00%	7.00%
Expected return on Plan Assets	9.25%	10.00%
Salary increase	5.00%	5.00%

21. 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 of date attached

P. MARIMUTHU
Chartered Accountant
Membership No. 5770

K.Gnanasekaran
Director

Place : Coimbatore
Date : 27th May, 2010

Suresh Jagannathan
Managing Director

Cash Flow Statement for the year ended 31st March, 2010

	Rs. In Lakhs	
	31.03.2010	31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	168.81	(429.45)
Adjustments for		
Depreciation	540.44	533.99
Investments	(4.87)	(1.32)
Dividend	—	—
Interest Paid (Net)	755.22	629.77
	1290.79	1162.44
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1459.60	732.99
Adjustments for		
Trade and other Receivables	449.33	(234.51)
Inventories	(889.16)	1335.76
Trade Payables	(3.81)	(323.21)
	(443.64)	778.04
Cash generated from operations	1015.96	1511.03
Less : Interest Paid (Net)	755.22	629.77
Less : Direct Taxes Paid	(2.66)	5.91
	752.56	635.68
Cash flow before extraordinary items	263.40	875.35
Extraordinary Items	(103.56)	(74.36)
Net cash from operating activities	159.84	800.99
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(448.00)	(605.83)
Sale of Fixed Assets	25.71	16.25
Purchase/sale of Investment (Net)	0.33	—
Deferred Revenue Expenditure	103.56	74.36
Dividend Received	—	(515.22)
Net cash used in investing activities	(318.40)	(515.22)

Rs. In Lakhs
31.03.2010 31.03.2009

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from public issues and reserves on amalgamation	—	—	—
Proceeds from long term borrowings (Net)	(114.60)	994.35	
Unsecured loans and deposits	(413.16)	(710.11)	
Working capital borrowings	689.92	(554.25)	
Dividend and tax paid	—	162.16	(270.01)
	<hr/>	<hr/>	
Net increase in cash and cash equivalents (a+b+c)	3.60		15.76
	<hr/>		
Cash and cash equivalents at the beginning of the year	78.62		62.86
Cash and cash equivalents at the close of the year	82.22		78.62

K. Gnanasekaran
Director

Suresh Jagannathan
Managing Director

AUDITOR'S CERTIFICATE

I have verified the above cash flow of KLRF Limited, Gangaikondan derived from the audited annual financial statement for the years 31st March, 2010 and 31st March, 2009 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 : 27th May, 2010

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	31.03.2010

State Code	18
------------	----

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	904506
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Total Assets	904506
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Sources of funds

Paid up capital	50206
Secured Loan	624693

Reserves and Surplus	181055
Unsecured Loans	48552

Application of funds

Net Fixed Assets	411207
Net Current Assets	453161

Investments	15
Deferred Revenue Expenditure	32165
Deferred Tax	7958

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

Turnover	1616755
Profit/Loss before Tax	6524
Earnings per share in Rs.	1.03

Total Expenditure	1560188
Profit/Loss after tax	5162
Dividend (%)	NIL

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

Item Code No. (ITC Code)	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 of date attached

P. MARIMUTHU
Chartered Accountant
Membership No. 5770

K.Gnanasekaran
Director

Place : Coimbatore
Date : 27th May, 2010

Suresh Jagannathan
Managing Director

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 48th Annual General Meeting of the Company held on Wednesday the 29th September, 2010 at 9.30 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 48th Annual General Meeting of the Company to be held on Wednesday, the 29th September, 2010 at 9.30 AM at the Registered Office : 75/8, Benares Cape Road, Gangaikondan – 627 352 and at any adjournment thereof.

Signed this day of 2010.

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

Affix
Re1
Revenue
Stamp

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

- 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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75/8, Benares Cape Road
Gangaikondan – 627 352
Tirunelveli District