

Contents

Notice to Members.....	2
Report of the Directors and Management Analysis	9
Report on Corporate Governance	16
Report of the Auditor.....	25
Balance Sheet.....	30
Statement of Profit and Loss	31
Notes	32
Notes on Accounts	41
Cash Flow Statement	46

KLRF Limited

Board of Directors

Sudarsan Varadaraj

S.Govindan

K.Gnanasekaran

Suresh Jagannathan

Managing Director

V.N.Jayaprakasam

Executive Director

Chief Finance Officer

R.Kannan

Company Secretary

S.Piramuthu

Auditor

P.Marimuthu, B.Com., F.C.A.,
Chartered Accountant, Tirunelveli

Branch Auditors

M/s Haribhakti & Co.,
Chartered Accountants, Coimbatore

Bankers

Canara Bank
Indian Overseas Bank
Punjab National Bank
IDBI Bank Ltd

Registered Office

75/8, Benares Cape Road
Gangaikondan – 627352

Administrative Office

1054/21, Avanashi Road
Coimbatore-641018

Food Division

Gangaikondan – 627352

Textile Division

Gangaikondan – 627352
N.Subbiahpuram – 626205

Engineering Division

Coimbatore – 641020

Registrar and Share Transfer Agent

Link Intime India Private Limited
"Surya" 35, Mayflower Avenue
Senthil Nagar, Sowripalayam Road
Coimbatore – 641028, Tamilnadu
Telephone : 0422 – 2315792
Telefax : 0422 – 2314792
E-mail : coimbatore@linkintime.co.in

NOTICE

Notice is hereby given that the Fiftieth Annual General Meeting of the Company will be held on Thursday the 16th August, 2012 at 10.45 a.m., at the Company's Registered Office at 75/8, Benares Cape Road, Gangaikondan – 627352, Tirunelveli District to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31.03.2012 and the Statement of Profit and Loss 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.K.Gnanasekaran who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr.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 Haribhakti & Co., Chartered Accountants, Coimbatore (Registration No.103523W) 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 the Sheet Metal and Foundry Division, Coimbatore for the financial year 2012 – 2013 on a remuneration of Rs.3,72,000/- (Rupees three lakhs seventy two thousands 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 a Special Resolution.**

Resolved that pursuant to the provisions of Section 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended and pursuant to the provisions of Articles of Association, the Company hereby accords its approval to the appointment of Mr.V.N.Jayaprakasam as Executive Director of the Company for a period of Two years with effect from 1st July 2012 on the following Remuneration.

Remuneration

Rs.2,00,000/- per month with an annual increment of Rs.20,000/-

0.5% as commission on 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.

Perquisites : In addition to salary and commission Mr.V.N.Jayaprakasam Executive Director shall also be entitled to perquisites which shall not exceed a sum of Rs.60,000/- per month

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.

Provision of telephone and car for official use.

"Resolved Further that in the event of no profit or inadequacy of profit, the remuneration payable to Sri.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 Auditor is required to be appointed at the General Meeting. Accordingly, Branch Auditor is 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 Auditor for the financial year 2012-2013.

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.V.N.Jayaprakasam, Executive Director shall be expiring by 30th June, 2012. 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 1.7.2012.

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.

Additional information as required by Schedule XIII of the Companies Act, 1956 is given below.

I. General Information

1. Nature of Industry : Manufacturing of wheat products, cotton yarn, iron castings and sheet metal products.
2. Date or Expected date of Commencement of commercial : Company was incorporated in the year 1961 as a private limited company and converted into public limited company in the year 1982. The company had already commenced commercial production.
3. In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. : Not Applicable

4. Financial performance based on given indicators.	31.3.2012	31.3.2011
	Rs. in lakhs	
Turnover (Net)	20334.25	20561.27
Profit before financial charges and depreciation	1055.72	1808.23
Less : Financial charges	902.23	718.26
Profit before depreciation	153.49	1089.97
Less : Depreciation	499.09	525.00
Profit / (Loss) before tax	(345.60)	564.97
Add/Less Deferred tax Assets/ (Liabilities)	124.61	(174.76)
Net profit/(Loss) after tax	(220.99)	390.21

5. Export performance and net foreign exchange collaborations. : Year ended **31.3.2012** 31.3.2011
(Rs.in lakhs)

Foreign Exchange

Used **175.03** 98.80

Earned **696.31** 121.12

6. Foreign Investments or collaborators, if any. : NIL

II. Information about the appointee

1. Background details : Mr. V.N.Jayaprakasam aged 74 years was appointed as Executive Director from 1.7.2012 for two years. He is a science graduate and has a diploma in flour mill technology. He has been on the Board of Directors since 1996.

2. Past remuneration : Salary : Rs.90,000/- with an annual increment of Rs.7500/-
Commission : 0.50% of the net profit of the company subject to a maximum of Rs.5.00 lakhs

Perquisites : 30% of the salary

3. Recognition or awards : NIL

4. Job Profile and his suitability : Mr.V.N.Jayaprakasam is responsible for the administrative and technical operation of the Company and is best suited for the current scenario.

5. Remuneration proposed : As set out in the resolution

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would w.r.t. the country of origin) : Taking into consideration the size of the Company, profile of the Mr. V.N.Jayaprakasam, responsibility shouldered on him and the industry standard the remuneration proposed to be paid are commensurate with the remuneration packages paid to Managerial Personnel

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personal, if any. : Besides the remuneration proposed to be paid to the Executive Director, he does not have any other pecuniary relationship with the Company or relationship with the Managerial personnel.

III. Other Information

1. Reasons of loss or inadequate profits : Textile industry in the country has gone through a difficult phase last year. Frequent policy changes have resulted in high volatility in the markets and erosion of confidence.

Set back in power availability and its cost have added to the woes of this industry.

These factors have lead to the unfavourable operations of the textile division.

Severe restriction in power availability has impacted the productivity of engineering divisions. General slowdown in industrial activity, particularly in the user segments of this division has affected the profitability.
2. Steps taken or proposed to be taken for improvement. : Availability of good cotton at favourable prices and anticipated improvement in power availability are positive indications for revival of Textile Division.

Improved power availability and revival of capital goods, automotive industries might improve the operations and profitability of engineering division.
3. Expected increase in productivity and profits in measurable terms. : There are signs of revival in economic activity which should lead to improved prospects during the year.

IV. Disclosures

1. The shareholders of the company shall be informed of the remuneration package of the managerial person : As given in subject No. 6 in the agenda of the AGM Notice.
2. Details to be furnished in Corporate Governance : Given under Remuneration to Directors in "Report on Corporate Governance"

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 6th August to 16th August, 2012 (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 – 600006 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 205A and introduction of Section 205C by the Companies (Amendment) Act, 1999, dividend for the financial year from 1995-1996 to 2003-2004 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 2004-2005 or any subsequent financial years are advised to claim the dividend from the Company after filing Indemnity / any other documents. 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 who are holding shares in physical form 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.
8. Members are requested to update the e-mail ID in the demat account by contacting their Depository Participant and those who are holding shares in Physical form kindly update your e-mail ID with our Registrar and Share Transfer Agent to enable us to send documents through electronic mode.
9. Members who are holding shares in physical form are requested to intimate immediately their change of address/ change of bank account, if any, to the Company / Registrar & Share Transfer Agent quoting reference of the Registered Folio Number.
10. Members may now avail of the facility of nomination by nominating, in the prescribed form, a person to whom your shares in the Company vest in the event of death. Interested members holding shares in physical form may write to the Company / Registrar & Share Transfer Agent for the prescribed form and those holding shares in dematerialised form, should write to their Depository Participant.

11. 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 : Mr. K.Gnanasekaran
Age : 60 years
Qualification : B.Com., F.C.A.,
Expertise : 33 years of experience in Finance and Accounts

Name of the company	Position held	Membership of the Committee
Magna Electro Castings Ltd.,	Director	Audit Committee - Member
Single Window Commodities Private Limited,	Director	Nil

- b. Name : Mr. S.Govindan
Age : 76 years
Qualification : L.T.M
Expertise : 50 years of experience in Textile Industries
Other directorships : NIL

- c. Name : Mr. V.N. Jayaprakasam
Age : 74 years
Qualification : B.Sc., Diploma from Swiss Milling School. St.Gallen.
Expertise : 48 years of experience in Flour Milling Industry.

Name of the company	Position held	Membership of the Committee
Eltex Precision Dies and Tools Private Limited	Director	Nil
Sri Vishnudurga Agro Estates Private Limited	Director	Nil
Prokop Eltex India Private Limited	Director	Nil

By Order of the Board
Suresh Jagannathan
Managing Director

Place : Coimbatore
Date : 25.05.2012

DIRECTORS REPORT & MANAGEMENT ANALYSIS

Dear Shareholders,

The Directors present their Fiftieth Annual Report together with the audited statement of accounts for the year ended 31st March 2012. The management discussion and analysis report have been included at the appropriate places in this report.

(Rs.in lakhs)

FINANCIAL RESULTS	31.3.2012	31.3.2011
Total Turnover (Net)	20334.25	20561.27
Profit before financial charges and depreciation	1055.72	1808.23
Less : Financial charges	902.23	718.26
Profit before depreciation	153.49	1089.97
Less : Depreciation	499.09	525.00
Profit / (Loss) before tax	(345.60)	564.97
Add/(Less): Provision for tax - Current	—	—
- Deferred	124.61	(175.05)
- For prior years	—	0.29
Net Profit/ (Loss) after tax carried to Balance Sheet	(220.99)	390.21

INDUSTRY STRUCTURE AND DEVELOPMENTS

Results

The turnover of the company for the year is Rs.204 crores as against Rs.206 crores last year.

The Company has earned an EBIDTA of Rs.1056 lakhs.

The Food Division earned an EBIDTA of Rs.922 lakhs on milling of 55149 Metric tons of wheat accounting for 47 % of the turnover of the company.

The Textile Division has incurred an EBIDTA of Rs.(-)140 lakhs and Engineering Division has earned an EBIDTA of Rs.274 lakhs.

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, 2012.

CAPITAL INVESTMENT

We have made a total capital investment of Rs.285 lakhs. These investments will result in increase of production, cost reduction and improvement in quality.

ECONOMIC OUTLOOK FOR THE YEAR

Steep erosion in the value of rupee, sustained high inflation and erratic power supply is a matter of great concern for the economy.

Stringent economic measures are foreseen which might render access to finance difficult and costlier.

The country has seen yet again a higher total production of food grains at 252 million tones. A good monsoon is predicted this year also. These are two favourable factors to keep the economy resilient.

Opportunities, Challenges, Risks & Concerns

Food Division

Once again, the country has recorded the highest wheat production. Wheat production is expected to be 90.28 million tons against the earlier estimate of 87 million tons. Government granaries are already full with the earlier crop. This ensures continuous availability of good quality wheat.

The Government has increased the minimum support price steeply by Rs.1,650/- per ton. Railway freight also has gone up by 20%.

These two factors might have an impact on the profitability of this division in the latter part of the year.

Textile Division

Textile industry in the country has gone through a difficult phase last year. Frequent policy changes have resulted in high volatility in the markets and erosion of confidence.

Set back in power availability, frequent disruption and its cost have added to the woes of this industry.

These factors have lead to the unfavourable operations of this division.

Availability of good cotton at favourable prices and anticipated improvement in power availability are positive indication for revival of Textile Division.

Engineering Division

Severe restriction in power availability has impacted the productivity of this division. General slowdown in industrial activity, particularly in the user segments of this division have affected the profitability of this division.

Improved power availability, revival of capital goods and the automotive sector may improve the operations and profitability of this division.

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, 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 31.3.2012.

DIRECTORS

Mr. K.Gnanasekaran and Mr. S.Govindan Directors of the company retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-appointment. Mr. V.N.Jayaprakasam re-appointed as Executive Director for a period of two years from 1.7.2012.

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 2012, 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 31st March 2012 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.

M/s Haribhakti & Co., Chartered Accountants, branch auditors for foundry and sheet metal divisions of the company will retire at the forthcoming annual general meeting and are eligible for re-appointment.

Mr.M.Kannan, Cost Accountant has been appointed as Cost Auditor for the year 2011-2012 for the textile and foundry divisions of the company subject to approval by the Central Government. Cost audit report for the year ended 31.3.2011 has been filed on 17.9.2011 before the time limit prescribed under the Act.

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.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company believes that its people are a key differentiator, especially in a knowledge driven, competitive and a global business environment. Adapting work culture to suit the dynamic balancing of people requirements and employee needs is an ongoing process. Fundamental HR processes which enable higher performance orientation, speed, skill and competency development, talent management are cornerstones for the success of any organization.

As in the past, the industrial relations continued to remain cordial at all the divisions of the Company.

LISTING

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 despite reminders.

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 Directors acknowledge with gratitude, the co-operation and assistance from Canara Bank, Indian Overseas Bank, IDBI Bank Ltd., 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

K.Gnanasekaran

Suresh Jagannathan

Date : 25.05.2012

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, 2012.

I. 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	10457184	12513884
Total amount (Rs.)	51224327	61054554
Rate/Unit (Rs.)	4.90	4.88
(b) Own generation		
Through diesel generation (units)	1609515	2398397
Units Per Ltr of diesel oil	3.50	3.48
Cost/per unit (Rs.)	11.51	10.27
(c) Through steam turbine/generator	Nil	Nil
Units per Ltr of fuel		
Oil / Gas		
Cost/Unit		
(d) Wind Mill Generation		
Qty.(Units)	10548145	10786490
Total cost (Rs.)	39776191	42829813
Cost per unit (Rs.)	3.77	3.97
(e) Units purchased from others	Nil	Nil
Rate per unit		
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	3212916	4666490
Electricity per unit of production	3.76	3.20

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 | |
| a. Capital | |
| b. Recurring | |
| c. Total R & D expenditure as a percentage of gross turnover/net turnover | Not applicable |

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 |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|---|--|
| 1. Activities relating to exports | During the year iron castings were exported to Germany and France. Yarn was exported to Brazil, Columbia, Egypt and Morocco. |
| 2. Initiative taken to increase exports and development of new exports markets for products & services and exports plans. | Efforts are continuing to increase the export. |
| 3. Total Foreign Exchange | |
| Used | Rs.175.03 lakhs |
| Earned | Rs.696.31 lakhs |

By Order of the Board

Place : Coimbatore

K.Gnanasekaran

Suresh Jagannathan

Date : 25.05.2012

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 a Managing Director, one Executive Director and three Non-Executive Directors. There are three independent directors who bring independent judgment 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 Committee of other companies @	
			Chairman	Member
Mr. Suresh Jagannathan Managing Director	Executive-Promoter	3	Nil	1
Mr. V.N.Jayaprakasam Executive Director	Executive - Wholetime Director	Nil	Nil	Nil
Mr. Sudarsan Varadaraj	Non-Executive - Independent	7	1	1
Mr. S.Govindan	Non-Executive -Independent	Nil	Nil	Nil
Mr. K.Gnanasekaran	Non-Executive -Independent	1	Nil	1

* Exclude directorship in Private companies and Foreign Companies.

@ Audit Committee and Shareholders Committee are considered.

Board Meetings were held on the following dates

27th May, 2011, 28th July, 2011, 9th November, 2011 and 9th February, 2012

Name of Director	Board Meeting		Attendance at the last AGM Yes/No
	Held	Attended	
Mrs.J.Chandrananthi *	4	2	No
Mr. Suresh Jagannathan	4	4	Yes
Mr. Sudarsan Varadaraj	4	2	No
Mr. V.N.Jayaprakasam	4	3	Yes
Mr. S.Govindan	4	3	Yes
Mr. K.Gnanasekaran	4	4	No
Dr. R.Sethumadhavan *	4	--	No

(*) Mrs.J.Chandrananthi ceased to be director with effect from 15.9.2011 and Dr.R.Sethumadhavan ceased to be director with effect from 30.9.2011

Shareholding of Non-Executive Directors

Name of the Director	No. of shares held	% of holdings
Mr. S. Govindan	225	0.004%

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) Audit Committee

This Committee comprises of three non-executive directors all being independent directors. The terms of reference of this Committee are as required under Section 292 A of the Companies Act, 1956 and under clause 49 of the Listing Agreement by SEBI. 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 Auditor, 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 Auditor, Branch Auditor, Internal Auditors and Cost Auditor of the Company.

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

Name of the Member	Category	Attendance
Mr. Sudarsan Varadaraj (Chairman)	Non - Executive - Independent	2
Mr. K. Gnanasekaran	Non - Executive - Independent	4
Mr. S. Govindan	Non - Executive - Independent	3

(i) The Company Secretary acts as the Secretary to the Committee. The Chief Finance Officer, Branch, Internal and the Statutory Auditor of the Company had also attended the meetings. The minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken on record. The Audit Committee considered and reviewed the accounts for the year 2011 – 2012, 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	27th May, 2011, 28th July, 2011, 9th November, 2011 and 9th February, 2012

(b) Remuneration Committee

The Remuneration Committee of the Board comprises of Mr.Sudarsan Varadaraj, Mr.K.Gnanasekaran and Mr.S.Govindan 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 2011-2012, no meeting was held.

Remuneration Policy :

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;

(Rs in lakhs)

Name	Remuneration & Perquisites	Sitting Fees	Total
Mr.Suresh Jagannathan	19.12	—	19.12
Mr.V.N.Jayaprakasam	12.89	—	12.89
Mrs.J.Chandrankanthi *	—	0.04	0.04
Mr.Sudarsan Varadaraj	—	0.08	0.08
Mr.K.Gnanasekaran	—	0.16	0.16
Mr.S.Govindan	—	0.20	0.20
Dr.R.Sethumadhavan *	—	NIL	NIL

The Company does not pay remuneration to any of its non-executive directors except sitting fees.

No commission was paid to Directors during the year.

Mr.Suresh Jagannathan, Managing Director - appointed for a period of five years from 11.3.2011

Mr.V.N.Jayaprakasam, Executive Director - re-appointed for a period of two years from 1.7.2012 subject to approval of the shareholders.

Mrs.J.Chandrankanthi ceased to be a director with effect from 15.9.2011 and Dr.R.Sethumadhavan ceased to be a director with effect from 30.9.2011

(c) 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 Compliance Officer for the purpose of the listing agreement is Mr.S.Piramuthu, Company Secretary. The Minutes of Shareholders Committee were placed at the Board Meeting. During the year, the Company had received and resolved six complaints from the shareholders. There are no pending share transfers/complaints as 31.3.2012.

Unclaimed shares demat suspense account.

Pursuant to new clause 5A I 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 31.3.2012 are as follows;

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

Voting rights in respect of these shares have been frozen till the rightful owner claims the same.

Pursuant to Clause 5A II (h) of the listing agreement, Company has initiated the implementation of the same by sending three reminders to the shareholders.

4. Annual General Meetings

Location and time, where last three Annual General Meetings held

AGM	Location	Date	Time
2009 47th AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352	24.9.2009	10.45 a.m.,
2010 48th AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352	29.9.2010	9.30 a.m.,
2011 49th AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352	15.9.2011	10.45 a.m.,

Details of special resolutions passed in the previous three AGMs.

Date of AGM Details of Special Resolutions passed

24.09.2009	NIL
29.09.2010	Appointment of Mr..Suresh Jagannathan, Managing Director for a period of five years from 11.3.2011. Appointment of Mr..V.N.Jayaprakasam, Executive Director for a period of two years from 1.7.2010.
15.09.2011	Resolution u/s 297 (1) for entering contract with Prokop Eltex India P Ltd., for a period of 5 years commencing from 1.4.2012. 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.

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. Disclosures on materially significant related party transactions

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. Details of non compliance by the Company penalties, strictures imposed on the company by stock exchange of SEBI or any Statutory Authorities or any matter relating to capital markets during the last three years

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. Notes on Whistle Policy

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. Details of Compliance with mandatory requirements and adoption of the non mandatory requirements of clause 49

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 exchange.

The Certification by the CEO and CFO on the financial statements and internal controls relating to financial reporting has been obtained and submitted to the Board.

The Company adopted the non mandatory requirement of corporate governance recommended under Clause 49 of the Listing Agreement and constituted a remuneration committee comprising of three non executive independent directors. The Company has not adopted any 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, 2012. 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 / designated employees. The code ensures the prevention of dealing in shares by persons having accessed to unpublished price sensitive information.

9. Means of Communication

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

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 on the Company's website (www.klrf.in)

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

Official news releases are made whenever it is considered necessary. There were no specific presentations made to Institutional Investors/ analysts during the year.

10. General Shareholder information

A. Annual General Meeting

Date	16.08.2012
Time	10.45 A.M.,
Venue	75/8, Benares Cape Road, Gangaikondan-627352
Financial Year	April to March

B. Book Closure : 06.08.2012 to 16.08.2012 (both days inclusive)

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-400001.

Madras Stock Exchange Ltd., Stock Code : "KOVILPATTI"
Exchange Building, Post Box No.183
11, Second Line Beach, Chennai-600001

International Security Identification Number (ISIN) : INE014E01015

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

The Company has paid the annual listing fees for the year 2012 - 2013 except Coimbatore Stock Exchange, for which company has filed de-listing application on 10.1.2010.

E. Market Price Data

Month	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April - 2011	39.90	29.85	38.50	29.40
May	35.50	29.60	37.55	28.80
June	31.85	24.05	31.00	24.35
July	30.00	25.10	30.70	25.15
August	29.50	21.00	28.50	20.50
September	29.15	23.05	29.95	23.00
October	27.95	22.50	25.20	22.20
November	29.50	22.25	27.40	22.15
December	28.50	22.40	29.45	22.50
January - 2012	26.65	20.00	27.55	21.55
February	29.00	21.75	28.95	20.65
March	29.10	22.40	29.20	22.30

F. Dematerialisation of shares and liquidity as on 31st March, 2012.

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	4159525	82.85%
Central Depository Services (India) Limited	358473	7.14%
Total	4517998	89.99%

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

G. Share transfer registrar & Transfer Agent

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-641028.

H. Share Transfer System

The Share Transfers in physical form are registered and returned within 15 days from the date of receipt if the documents are in order. The Shareholders Committee who usually meets as and when required approves the share transfers.

I. Reconciliation of share capital audit

A qualified Company Secretary carried out reconciliation of share capital 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 reconciliation of share capital 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 31.3.2012

No. of shares held	SHAREHOLDERS		SHAREHOLDING	
	Nos	%	Nos	%
Upto 500	5288	87.52	696218	13.87
501 - 1000	413	6.83	333231	6.63
1001 - 2000	191	3.16	289613	5.77
2001 - 3000	49	0.81	128219	2.55
3001 - 4000	17	0.28	61048	1.22
4001 - 5000	21	0.35	95408	1.91
5001 - 10000	34	0.56	244329	4.86
10001 & above	27	0.49	3172578	63.19
Total	6040	100.00	5020644	100.00

K. Shareholding pattern as on 31.3.2012

Particulars	No. of shares held	Percentage of Shareholding
Promoter's Holding	2324766	46.30
Directors and their Relatives	20192	0.41
Banks/FIS/Mutual Funds	805	0.02
Private Corporate Bodies	180030	3.59
Insurance Companies	250000	4.98
NRI/OCBs	42631	0.84
Indian Public	2202220	43.86
Total	5020644	100.00

L. Plant location

Food Division	Gangaikondan, Tirunelveli District
Textile Division	Unit-I, Gangaikondan, Tirunelveli District Unit-II, N.Subbiahpuram Village, Sattur Taluk, Virudhunagar District.
Wind Farms	Aralvoimozhi Village, Kanyakumari District Pazhavoor 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-641028.
Phone : 0422 - 2315792, 2314792 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 - 627352, Tirunelveli District
Phone : 0462 - 2486532, Fax 0462 - 2486132
E-mail : cosec@klrf.in website : www.klrf.in

Name of the Compliance Officer : Mr. S.Piramuthu, Company Secretary

By Order of the Board

Place : Coimbatore
Date : 25.05.2012

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 2011 – 2012.

By Order of the Board

Place : Coimbatore
Date : 25.05.2012

K.Gnanasekaran
Director

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 31.03.2012, 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 : 25.05.2012

P.Marimuthu

Chartered Accountant

Membership No.5770

REPORT OF THE AUDITOR

1. I have audited the attached balance sheet of KLRF Limited, Gangaikondan (" the Company") which comprise the Balance Sheet as at 31st March, 2012, the statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information. 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 :
 1. 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.
 2. 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.
 3. The Balance Sheet and Statement of Profit and Loss referred to in this report are in agreement with the books of account.
 4. In my opinion, the Balance Sheet, Statement of Profit and Loss 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.
 5. On the basis of the written representation received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director under Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
 6. 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, 2012.
 - (b) in the case of Statement of Profit and Loss, 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 : 25.05.2012

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 301 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 and foundry 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 31.03.2012 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 31.3.2012 is Rs.31.24 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 : 25.05.2012

P.Marimuthu
Chartered Accountant
Membership No : 5770

Balance Sheet as at 31st March, 2012

(Rupees)

Particulars	Note No.	31.03.2012	31.03.2011
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	1	50206440	50206440
(b) Reserves and Surplus	2	166948971	190939473
Non-current liabilities			
(a) Long Term Borrowings	3	227133623	318297478
(b) Deferred tax liabilities (Net)		—	9548296
(c) Other Long Term Liabilities	4	40272500	295000
Current liabilities			
(a) Short – term borrowings	5	325644653	354835393
(b) Trade payables		40899048	137292512
(c) Other current liabilities	6	75673545	78340924
(d) Short – term liabilities	7	34847066	36248618
TOTAL		<u>961625846</u>	<u>1176004134</u>
II. ASSETS			
Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	8	361051817	385931969
(ii) Intangible assets		794160	794160
(iii) Capital work-in-progress		40482696	40323543
(b) Non Current Investments	9	—	15000
(c) Deferred tax assets (net)		2912736	—
(d) Long -Term Loans and advances	10	21056899	16884247
Current assets			
(a) Inventories	11	373435251	474612128
(b) Trade Receivables	12	117475130	186373172
(c) Cash and Cash equivalents	13	7970260	11097972
(d) Short-term Loans and advances	14	36446897	59971943
TOTAL		<u>961625846</u>	<u>1176004134</u>

Significant Accounting Policies

15

The accompanying notes are an integral part of financial statements.

In accordance with my report of date attached

For and on behalf of the Board

K.Gnanasekaran

Director

P. Marimuthu

Chartered Accountant

Membership No.5770

Suresh Jagannathan

Managing Director

Place : Coimbatore

Date : 25th May, 2012

S.Piramuthu

Company Secretary

Statement of Profit and loss for the year ended 31st March, 2012

(Rupees)

Particulars	Note No.	31.03.2012	31.03.2011
I. Revenue from Operations (gross)	16	2085002399	2100488430
Less : Excise duty		51576979	44361499
Revenue from Operations (Net)		2033425420	2056126931
II. Other Income	17	4580476	4352895
III. Total Revenue (I + II)		2038005896	2060479826
IV. Expenses:			
Cost of material consumed	18	1438929682	1443540806
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	19	26440639	(50989317)
Employee benefits expense	20	124660605	111679054
Finance cost	21	90223064	71826102
Depreciation and amortization expense		49909880	52499992
Other expenses	22	342402482	371662090
Total expenses		2072566352	2000218727
V. Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		(34560456)	60261099
VI. Exceptional items		—	—
VII. Profit / (Loss) before extraordinary items and tax (V - VI)		(34560456)	60261099
VIII. Extraordinary Items:			
Public Issue Expenses written off		—	3644903
Amalgamation Expenses written off		—	118884
IX. Profit / (Loss) before tax (VII- VIII)		(34560456)	56497312
X Tax expense:			
(1) Current tax		—	—
(2) Deferred tax – Asset / (Liabilities)		12461032	(17505778)
(3) Add : Excess provision of earlier year		—	29012
XI Profit / (Loss) for the period from continuing operations (IX-X)		(22099424)	39020546
XII Profit/(loss) from discontinuing operations		—	—
XIII Tax expense of discontinuing operations		—	—
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		—	—
XV Profit / (Loss) for the period (XI + XIV)		(22099424)	39020546
XVI Earnings per equity share:			
(1) Basic		(4.40)	7.77
(2) Diluted		(4.40)	7.77

Significant Accounting Policies

15

The accompanying notes are an integral part of financial statements.

In accordance with my report of date attached

For and on behalf of the Board

K.Gnanasekaran

Director

P. Marimuthu

Chartered Accountant

Membership No.5770

Place : Coimbatore

Date : 25th May, 2012

Suresh Jagannathan

Managing Director

S.Piramuthu

Company Secretary

Notes to Financial Statements for the year ended 31st March, 2012

1. Share Capital	31.3.2012		31.3. 2011	
Authorised	Number	Rupees	Number	Rupees
10% Cumulative Redeemable Preference shares of Rs.10/- each	6000000	60000000	6000000	60000000
Equity Shares of Rs.10/- each	9000000	90000000	9000000	90000000
	<u>15000000</u>	<u>150000000</u>	<u>15000000</u>	<u>150000000</u>
Issued				
Equity Shares of Rs.10/- each	<u>5119598</u>	<u>51195980</u>	<u>5119598</u>	<u>51195980</u>
Subscribed & fully Paid up				
Equity Shares of Rs.10/- each	<u>5020644</u>	<u>50206440</u>	<u>5020644</u>	<u>50206440</u>
Total	<u>5020644</u>	<u>50206440</u>	<u>5020644</u>	<u>50206440</u>

89954 partly paid equity shares were forfeited on 25.3.1998 vide board resolution dated 25.3.1998

a. Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each shareholder is entitled to one vote per share.

b. Reconciliation of number of Shares

Shares outstanding at the beginning / closing of the year

Equity Shares	<u>5020644</u>	<u>50206440</u>	<u>5020644</u>	<u>50206440</u>
---------------	-----------------------	------------------------	----------------	-----------------

c. No shares have been allotted as fully paid up, by way of bonus shares during 5 years immediately preceding 31.3.2012

d. Details of equity shareholders holding more than 5% shares in the Company

Name of Shareholder	31.3.2012		31.3.2011	
	No. of Shares	% held	No. of Shares	% held
Mr. Suresh Jagannathan	948148	18.88	948148	18.88
Cape Flour Mills Private Limited	995285	19.82	866682	17.26

2. Reserves & Surplus	31.3.2012	31.3.2011
a. Capital Reserve		
Opening / Closing Balance	2071233	2071233
b. Securities Premium Account		
Opening / Closing Balance	164215420	164215420
c. Revaluation Reserve		
Opening Balance	14033923	14767486
Less : Written Back in Current Year	1891078	733563
Closing Balance	<u>12142845</u>	<u>14033923</u>
d. Surplus		
Opening balance	10618897	(127899092)
(+) Net Profit/(Net Loss) For the current year	(22099424)	39020546
(+) Transfer from Reserves	—	99497443
Closing Balance	<u>(11480527)</u>	<u>10618897</u>
Total	<u>166948971</u>	<u>190939473</u>

Notes to Financial Statements (Contd.,)

(Rupees)

3. Long Term Borrowings

	Non Current portion		Current maturities	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
Secured				
(a) Term loans from banks (ref note no.6)				
(Guaranteed by Managing Director for term loans)				
Canara Bank	21857336	26714520	4857184	4857184
Indian Overseas Bank	19209500	26195500	6986000	6986000
Punjab National Bank	76631334	119008167	33860000	33860000
IDBI Bank Ltd.,	66666657	93333333	26666667	26666667
IREDA Ltd.,	—	—	—	3078000
Vehicle Loan from Indian Overseas Bank, Canara Bank and ICICI Bank Ltd	4143177	6005921	2651224	2161441
Total	188508004	271257441	75021075	77609292
(b) Unsecured				
Deposits (ref note no.5)	38625619	47040037	25944523	17315092
Total	227133623	318297478	100965598	94924384

1. Rupee term loan availed from Canara Bank carries interest @ 13.50% p.a., (base rate+2.50% p.a., + 1% p.a.). The loan is repayable in quarterly instalment of Rs.17.46 lakhs each. The interest is payable on quarterly basis. The loan matures in August, 2017. The loan is secured by way of exclusive charge on Land, Buildings and Machineries pertaining to 1 No 1250 KW Wind Mill situated at Parameshwarapuram Village Tirunelveli District.
2. Rupee term loan availed from Indian Overseas Bank carries interest @ 13.25% p.a., (base rate+ 2.75% p.a., +1% p.a.). The loan is repayable in quarterly instalment of Rs.17.47 lakhs each. The interest is payable on monthly basis. The loan matures in December, 2015. The loan is secured by way of exclusive charge on Land, Buildings and Machineries pertaining to 1 No 1250 KW Wind Mill situated at Parameshwarapuram Village Tirunelveli District.
3. Rupee terms loans availed from Punjab National Bank carries interest @ 14.75% p.a.(BPLR+ 0.50% p.a.). TUF loan interest @ 9.75%p.a., (BPLR+0.50% p.a., - 5% p.a.) The interest payable on monthly basis. The loans are repayable on quarterly basis. The loan will mature in October, 2016. The loans are secured by way of pari-passu first charge on Land, Buildings and Machinery except the Wind Mill fixed assets to Canara Bank and Indian Overseas Bank and Land and Buildings of foundry division charged to IDBI Bank Ltd.,
4. Rupee term loan availed from IDBI Bank Ltd., carries interest @ 14.75% p.a., (base rate+4% p.a.). The loan is repayable on monthly basis. The interest also payable on monthly basis. The loan matures in September, 2015. The loan is secured by exclusive charge on the Land and Buildings of foundry division.
5. Vehicle loan availed from Canara Bank, Indian Overseas Bank and ICICI Bank. The loan is repayable on monthly basis. The loans are secured by vehicle.
6. Deposits are accepted pursuant to provisions of Companies (Acceptance of Deposits) Rules 1975 and having maturity periods of one year two years and three years. Interest payable on quarterly basis @ 11.50% p.a., 12% p.a., and 12.50% p.a., respectively.

Notes to Financial Statements (Contd.,)

(Rupees)

4. Other Long Term Liabilities	31.3.2012	31.3.2011
Security deposits from dealers	272500	295000
Advance received for sale of property	40000000	—
Total	40272500	295000
5. Short Term Borrowings		
Secured		
(a) Loans repayable on demand (Guaranteed by Managing Director for working capital loan)		
Open Loan and Packing Credit Loan from Canara Bank	210214567	228051530
Open Loan from Indian Overseas Bank	89485563	85468771
Unsecured		
(b) Deposits (ref note no.3)	25944523	17315092
(c) Other loans – ICICI Bank Ltd.,(guaranteed by Managing Director)	—	24000000
Total	325644653	354835393
1. Working capital loans from Canara Bank carries an interest rate @ 14 % p.a., (base rate+ 2.50% p.a., +1% p.a.) and secured by pari-passu first charge on all the current assets and pari-passu second charge on all the immovable assets except those which are having exclusive charge.		
2. Working capital loans from Indian Overseas Bank carries an interest rate @ 14 % p.a., (base rate+2.50% p.a., +1% p.a.)and secured by pari-passu first charge on all the current assets and pari-passu second charge on all the immovable assets except those which are having exclusive charge.		
6. Other Current Liabilities		
(a) Current maturities of long-term debt (ref note no.3)	75021075	77609292
(b) Unclaimed dividends	652470	731632
Total	75673545	78340924
7. Short Term Liabilities		
Provision for Bonus	2579812	2201508
Outstanding expenses	15146188	15305967
Statutory dues payable	6872609	5633271
Advance from customers	10248457	13107872
Total	34847066	36248618

Notes to Financial Statements (Contd.,)

(Rupees)

8. Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1.4.2011	Additions	Disposals	Balance as at 1.4.2011	Depreciation charge for the year	On disposals	Balance as at 31.3.2012	Balance as at 31.3.2011
a Tangible Assets (Not Under Lease)								
Land	15558579	—	—	—	—	—	15558579	15558579
Buildings	105645298	3898815	—	37874639	3827695	—	67841779	67770658
Plant and Equipment	802069330	19673747	14683674	527653349	43031232	13894753	250269575	271672221
Furniture and Fixtures	3883202	39900	—	2402583	155012	—	1365507	1480615
Vehicles	23399694	1072767	1852885	7142247	1885975	1155563	14746917	16257446
Office equipment	16028027	697919	307433	12088984	326084	12635	4016080	3939050
Electrical Equipment	16593509	690692	152870	14614114	658795	—	1858422	5523873
Mould & Pattern	6373575	2253141	—	2644049	587709	—	5394958	3729527
Total (a)	989551214	28326981	16996862	1000881333	50472502	15062951	361051817	385931969
b Intangible Assets								
Computer software	794160	—	—	—	—	—	794160	794160
Total (b)	794160	—	—	—	—	—	794160	794160
c Capital Work-in-Progress	40323543	1499353	1340200	—	—	—	40482696	40323543
Total (c)	40323543	1499353	1340200	—	—	—	40482696	40323543
Total (a+b+c)	1030668917	29826334	18337062	1042158189	50472502	15062951	402328673	427049672
Total depreciation for the year								50472502
Less : Transferred to revaluation reserve								562622
Depreciation charged in Statement of Profit and Loss								49909880

Notes to Financial Statements (Contd.,)

(Rupees)

	31.3.2012	31.3.2011
9. Non Current Investments		
Trade Investments		
Investment in Equity Instruments (Market value of Re.1 per share)	—	15000
Total	—	15000

Details of Trade Investments

Particulars	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Rupees	Basis of Valuation #	
		2012	2011			2012	2011			
1	2	3	4	5	6	7	8	9	10	11
Investment in Equity instruments										
Equity shares of Lakshmi Synthetic Machinery Manufacturers Ltd.,	—	—	15000	Quoted	Fully paid	—	—	—	15000	Notional value
Total									15000	

Notes to Financial Statements (Contd.,)

	31.3.2012	31.3.2011
10. Long Term Loans and Advances		(Rupees)
Security Deposits		
Unsecured, considered good	<u>21056899</u>	<u>16884247</u>
Total	<u>21056899</u>	<u>16884247</u>
11. Inventories (Valued at lower of cost and net realizable value)		
Raw Materials and components	262547366	338538488
Work-in-progress	18064748	23089978
Finished goods	62705475	98827612
Stores and spares	11340766	10085883
Impurities, Runner and Riser	16670391	3288157
Gunnies	2106505	782010
Total	<u>373435251</u>	<u>474612128</u>
12. Trade Receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	117226674	183609161
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	<u>248456</u>	<u>2764011</u>
Total	<u>117475130</u>	<u>186373172</u>
13. Cash and cash equivalents		
a. Balances with bank – current account	2193587	3579861
b. Cash on hand	1475306	2465990
c. Earmarked Balances		
Unpaid dividend deposit account	652470	731632
Bank deposits with more than 12 months maturity	<u>3648897</u>	<u>4320489</u>
Total	<u>7970260</u>	<u>11097972</u>
14. Short-term loans and advances		
Unsecured, considered good		
Interest Receivables	437368	465770
Advance for purchases	10126577	27125773
Prepaid expenses	5209213	5631977
Receivables	6450750	7859216
Other advances	1230979	5142693
Taxes paid	<u>12992010</u>	<u>13746514</u>
Total	<u>36446897</u>	<u>59971943</u>

Notes to Financial Statements (Contd.,)

		(Rupees)
16. Revenue From operations	31.3.2012	31.3.2011
(a) Sale of products		
Wheat, wheat products and impurities	975761684	926133156
Yarn and waste cotton	546901109	688401417
Sheet metal components	79904618	81541680
Castings	460871417	394865198
(b) Sale of services – fabrication charges	4523707	5214739
(c) Other operating revenues – sale of scrap and gunnies	17039864	4332240
Revenue from operations (Gross) – Total	2085002399	2100488430
(d) Less : Excise duty	51576979	44361499
Revenue from operations (Net) – Total	2033425420	2056126931
17. Other Income		
Interest Income	1501974	1491562
Net gain / (Loss) on sale of fixed assets	(372207)	753771
Other non-operating income – Miscellaneous Income	3450709	2107562
Total	4580476	4352895
18. Cost of material consumed		
Wheat	800003098	792136693
Cotton	408002561	443987462
Iron Materials	230924023	207416651
Total	1438929682	1443540806
Details of Material Consumed		
(a) Inventory at the beginning of the year		
Wheat	131444388	129805642
Cotton	201502016	114360203
Iron Material	5592084	3074717
Total (a)	338538488	247240562
(b) Add: Purchases		
Wheat	841796965	793775439
Cotton	285577855	531129275
Iron Material	235563739	209934018
Total (b)	1362938559	1534838732
(c) Less: Inventory at the end of the year		
Wheat	173238255	131444388
Cotton	79077310	201502016
Iron Material	10231800	5592084
Total (c)	262547365	338538488
Cost of raw material consumed (a+b-c)	1438929682	1443540806

Notes to Financial Statements (Contd.,)

	31.3.2012	31.3.2011	(Rupees) Increase / Decrease
19. Changes in Inventories of finished goods and work-in-progress			
Inventory at the end of the year			
Work-in-progress			
Cotton	10100146	15648877	5548731
Iron Materials and Sheet Metal Components	7964602	7441102	(523500)
Finished Goods			
Wheat products	18300942	19514023	1213081
Yarn	46303706	62726896	16423190
Castings	16877723	20656860	3779137
Total	<u>99547119</u>	<u>125987758</u>	<u>26440639</u>
Inventory at the beginning of the year			
Work-in-progress			
Cotton	15648877	10925498	(4723379)
Iron Materials and Sheet Metal Components	7441102	6587648	(853454)
Finished Goods			
Wheat products	19514023	19565546	51523
Yarn	62726896	25744376	(36982520)
Castings	20656860	12175373	(8481487)
Total	<u>125987758</u>	<u>74998441</u>	<u>(50989317)</u>
 20. Employees Benefit Expenses	 31.3.2012	 31.3.2011	
Directors remuneration and fees	3248800	5217428	
Salaries, Wages and Bonus	105813613	93342017	
Contribution to PF and other Funds	9089968	6880516	
Employees' Welfare	3532567	3218143	
Gratuity	2975657	3020950	
Total	<u>124660605</u>	<u>111679054</u>	

Notes to Financial Statements (Contd.,)

		(Rupees)
21. Finance cost	31.3.2012	31.3.2011
Interest expense - Banks and Institutions	80169926	64226028
Interest expense - Fixed deposits and others	8770560	7028633
Other borrowing costs	1282578	571441
Total	<u>90223064</u>	<u>71826102</u>
22. Other Expenses		
Fabrication Charges	38138300	30521746
Power and Fuel	103656491	115163009
Stores, Spares and Packing Materials	97779078	98235050
Repairs to Machineries	36209597	51665570
Factory Maintenance and Buildings Repairs	11067671	9788931
Commission and Discount	8904469	12593820
Freight	12658570	7802585
Insurance	2853427	2708447
Auditor's Fees and Expenses	1282485	926461
Rent and Office Maintenance	3011137	1666765
Rates and Taxes	2420623	4582004
Advertisement and Sales Promotion Expenses	2204183	1679817
Donation	—	130000
Miscellaneous Expenses	8384	53092
Water Charges and Maintenance	33663	55493
Printing and Stationery	1053291	1145115
Postage, Telegram and Telephones	1417558	1538807
Subscription and Periodicals	485600	328263
Vehicle Maintenance	2230639	2101280
Travelling	6943700	7006793
Filing Fees	12125	17005
Legal Expenses and Professional Charges	4268242	6743587
Enlisting Fees	43017	39708
Furniture and Other Repairs	53020	28170
Lighting	146828	107241
Data Processing	1322727	955535
Yarn Conversion Charges	2422192	824385
Pollution Control Expenses	330606	207097
Bank Commission	1077564	2227351
Diminishing in Investments	15000	—
Bad debts written off	352295	10818963
TOTAL	<u>342402482</u>	<u>371662090</u>

15 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 until 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 Statement of Profit and Loss except in respect of liabilities incurred for acquisition of fixed asset.

f EMPLOYEES BENEFITS

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.

g DEFERRED TAX

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

NOTES ON ACCOUNTS (Contd.,)

(Rupees)

Sl.No. Particulars	31.3.2012	31.3.2011
2 Number of employees who are in receipt or entitled to receive emoluments amounting in aggregate Rs.5,00,000/- 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
(b) Claims against the company not acknowledged as debts	3123758	3525034
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 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.		
5 Expenditure in foreign currency		
(a) Foreign travel	1723024	1737325
(b) Others	—	4927060
6 Value of imports on c.i.f. basis		
(a) Raw Material	15779554	Nil
(b) Spares	—	1072212
(c) Machinery	—	2153664
7 Earnings in foreign exchange		
(a) Export of goods on f.o.b. basis	69631575	12112312
(b) Commission Received	Nil	Nil
8 Audit fees and expenses		
Statutory Audit Fees	340000	190000
Statutory Cost Audit Fees	57000	27000
Fees for other services and expenses	231985	93461
Internal Audit Fees	316000	316000
Branch Audit Fee	337500	300000
	1282485	926461

9 Raw material consumed	31.3.2012		31.3.2011	
	Value	%	Value	%
Wheat -Indigenous	800003098	55.60	762370070	52.81
-Imported	—	—	29766623	2.06
Cotton -Indigenous	408002561	28.35	443987462	30.76
-Imported	—	—	—	—
Iron Materials -Indigenous	215144469	14.95	207416651	14.37
-Imported	15779554	1.10	—	—
Total	1438929682	100.00	1443540806	100.00

NOTES ON ACCOUNTS (Contd.,)

(Rupees)

Sl.No.	Particulars	31.3.2012	31.3.2011
10	Licensed and installed capacity		
	Flour Mill	Installed M.T	74000
	Textile	Installed Spindles	29520
		Installed Rotors	2760
	Foundry	Installed M.T	9600
11	Actual production meant for sale		
	(a) Wheat Milled	M.T	55149
	Products obtained	M.T	54423
	(b) Cotton		
	Consumed	Kgs.	4132781
	Products obtained	Kgs.	3212915
	(c) Iron material		
	Consumed	M.T	6332
	Products obtained	M.T	5944
12	Opening and closing stock of finished goods		
	(a) Wheat Products		
	Opening Stock	M.T	922
	Closing Stock	M.T	840
	(b) Cotton yarn		
	Opening Stock	Kgs.	349058
	Closing Stock	Kgs.	216255
	(c) Iron materials		
	Foundry Returns		
	Opening Stock	M.T	85
	Closing Stock	M.T	167
	Finished goods		
	Opening Stock	M.T	274
	Closing Stock	M.T	157
13	Earning per share		
	Profit / (Loss) after taxes	(22099424)	39020546
	Fully paid shares of Rs.10/- each	5020644	5020644
	Earning per share	(4.40)	7.77
14	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 & depreciation and accounting income & depreciation that originate in one period and are capable of reversal in subsequent periods.		
15	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 31.03.2012.		

NOTES ON ACCOUNTS (Contd.,)

16 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.

(Rs.in lakhs)

Sl.No	Name of the party	Relationship	Nature of Transaction	Amount
1	The Lakshmi Textile Suppliers	Director interested concern	Purchase of electrical goods	23.90
2	Ellargi & Co.,	Director interested concern	Purchase of fuel	1.08
3	Cape Flour Mills P Ltd.,	Director interested concern	Purchase of power Service - Trade mark permission Sale of sheet metal components	NIL 1.20 12.14
4	Mckinnon India P Ltd.,	Director interested concern	Purchase of scrap Sale of sheet metal components	14.75 19.61
5	Super Springs P Ltd.,	Director interested concern	Purchase of scrap Sale of sheet metal components	3.59 2.83

17 Segment Reporting

(Rs.in lakhs)

Sl.No	Information about primary Segments-Business Segments	Food Division	Textile Division	Engineering Division	Total
1	Revenue	9788.28	5486.71	5059.26	20334.25
2	Segment Results - Operating Profit/(Loss)	893.97	(521.94)	184.54	556.57
	Less : Finance Cost	202.41	551.41	148.36	902.17
	Add : Other unallocable income net of un allocable expenditure	—	—	—	—
	Net Profit / (Loss) before Tax	691.56	(1073.35)	36.19	(345.60)
3	Capital Employed (Segment Assets - Segment Liabilities)	1569.22	4208.59	2254.12	8031.93
	Unallocable corporate assets less corporate liabilities	—	—	—	506.02
	Total Capital Employed	—	—	—	8537.95

NOTES ON ACCOUNTS (Contd.,)

18 Disclosure as required under Accounting Standard (AS) 15 of The Companies (Accounting Standards) Rules

	As at 31.3.2012 (Rs.in lakhs)	As at 31.3.2011 (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	88.51	71.52
Interest cost	2.25	5.10
Current service cost	3.38	4.05
Benefits paid	(5.19)	(15.62)
Actuarial gain / loss on benefit obligation	27.29	23.46
Present value of benefit obligations at the end of the year	116.24	88.51
(B) Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	88.51	71.52
Expected return on plan assets	5.87	5.10
Contributions	—	—
Actuarial gain / loss on plan assets	(2.71)	(2.70)
Benefits paid	(5.19)	(15.62)
Fair value of plan assets at the end of the year	86.48	58.30
(C) Actuarial gain / loss recognised		
Actuarial gain / loss for the year - obligation	27.29	23.46
Actuarial gain / loss for the year - plan assets	(2.71)	2.70
Total gain / loss recognised in the financial Year	24.58	26.16
(D) Expenses recognized in Statement of profit and loss		
Interest cost on benefit obligations	7.67	5.10
Service cost on benefit obligations	3.38	4.05
Expected return on plan assets	(5.87)	(5.10)
Net gain / loss recognised in the Statement of profit and loss	24.58	26.16
Expenses recognised in Statement of profit and loss	29.76	30.21
(E) Liabilities recognised in the balance sheet		
Present value of benefit obligations at the end of the financial year	116.24	88.51
Fair value of plan assets	86.48	58.30
Funded status	29.76	30.21
Net assets/liabilities recognised in balance sheet	29.76	30.21
(F) Actuarial Assumptions		
Discount rate	8.00%	8.00%
Expected return on plan assets	8.00%	8.00%
Salary increase	5.00%	5.00%

19 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 For and on behalf of the Board

P. Marimuthu
Chartered Accountant
Membership No.5770
Place : Coimbatore
Date : 25th May, 2012

K.Gnanasekaran
Director
Suresh Jagannathan
Managing Director

S.Piramuthu
Company Secretary

Cash Flow Statement for the year ended 31st March, 2012

Rs. In Lakhs

	31.3.2012	31.3.2011
a CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	(345.60)	602.61
Adjustments for		
Depreciation	499.10	525.00
Investments	3.72	(7.54)
Dividend	—	—
Interest Paid (Net)	874.39	697.63
	<u>1377.21</u>	<u>1215.09</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>1031.61</u>	<u>1817.70</u>
Adjustments for		
Trade and other Receivables	882.50	(730.99)
Inventories	1011.77	(1427.96)
Trade Payables	(578.74)	972.65
Cash generated from operations	<u>2347.14</u>	<u>631.40</u>
Less : Interest Paid (Net)	874.39	697.63
Less : Direct Taxes Paid	—	(0.29)
Cash flow before extraordinary items	<u>1472.75</u>	<u>697.34</u>
Extraordinary Items	—	(37.64)
Net cash from operating activities	<u>1472.75</u>	<u>(103.58)</u>
b CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(284.86)	(692.77)
Sale of Fixed Assets	10.37	9.54
Purchase/sale of Investment (Net)	0.15	—
Deferred Revenue Expenditure	—	37.64
Dividend Received	—	(645.59)
Net cash used in investing activities	<u>(274.34)</u>	<u>(645.59)</u>
c CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from public issues and reserves on amalgamation	—	—
Proceeds from long term borrowings (Net)	(853.40)	(141.85)
Unsecured loans and deposits	(238.08)	400.98
Working capital borrowings	(138.21)	518.80
Dividend and tax paid	—	777.93
Net increase in cash and cash equivalents (a+b+c)	<u>(31.28)</u>	<u>28.76</u>
Cash and cash equivalents at the beginning of the year	<u>110.98</u>	<u>82.22</u>
Cash and cash equivalents at the close of the year	<u>79.70</u>	<u>110.98</u>

For and on behalf of the Board

K.Gnanasekaran
Director

Suresh Jagannathan
Managing Director

S.Piramuthu
Company 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 31st March, 2012 and 31st March, 2011 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.

P.Marimuthu
Chartered Accountant
Membership No.5770

Place : Coimbatore
Date : 25.05.2012

KLRF Limited

Regd. Office : 75/8, Benares Cape Road, Gangaikondan – 627352

ADMISSION SLIP

Name of the Member/

Joint holder

Name of Proxy

I hereby record my presence at the 50th Annual General Meeting of the Company held on Thursday the 16th August, 2012 at 10.45 AM at the Registered Office : 75/8, Benares Cape Road, Gangaikondan-627352.

Folio No. Demat A/C No.	
No. of Shares	

.....
Signature of Member / Proxy



KLRF Limited

Regd. Office : 75/8, Benares Cape Road, Gangaikondan – 627352

PROXY FORM



I / We.....
ofbeing 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 50th Annual General Meeting of the Company to be held on Thursday, the 16th August, 2012 at 10.45 AM at the Registered Office : 75/8, Benares Cape Road, Gangaikondan – 627352 and at any adjournment thereof.

Signed thisday of2012.

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 – 627352, not less than 48 hours before the time of meeting.

THIS PAGE IS INTENTIONALLY LEFT BLANK

BOOK POST

To

If undelivered, please return to :
KLRF Limited
75/8, Benares Cape Road
Gangaikondan-627352
Tirunelveli District