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# ***KLRF Limited***

Board of Directors

**Sudarsan Varadaraj**

**V.N. Jayaprakasam**

**S. Govindan**

**K. Gnanasekaran**

**Kalyani Balasubramanian**

**Suresh Jagannathan**

Managing Director

**R. Kannan**

Executive Director and Chief Financial Officer

Company Secretary

**S. Piramuthu**

Auditor

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

Branch Auditors

M/s Haribhakti & Co LLP  
Chartered Accountants, Coimbatore

Secretarial Auditor

M.D. Selvaraj  
MDS Associates  
Company Secretary in Practice

Bankers

Canara Bank  
HDFC Bank Ltd  
IDBI Bank Ltd

Registered Office

75/8, Benares Cape Road  
Gangaikondan - 627352  
Telephone : 0462-2486532  
Fax : 0462-2486132  
E-mail : ho@klrf.in  
Website : www.klrf.in  
CIN : L15314TN1961PLC004674

Administrative Office

1054/21, Avanshi Road  
Coimbatore-641018

Food Division

Gangaikondan - 627352

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 - 2314792  
Telefax : 0422 - 2314792  
E-mail : coimbatore@linkintime.co.in

## **NOTICE**

Notice is hereby given that the Fifty Third Annual General Meeting of the Company will be held on Wednesday the 16<sup>th</sup> September, 2015 at 10.00 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 receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2015 including audited Balance Sheet as at 31<sup>st</sup> March, 2015, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Sri.R.Kannan (DIN : 00951451) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint an Auditor and fix his remuneration.

### **SPECIAL BUSINESS**

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

"RESOLVED THAT pursuant to Section 139, 142 and 143(8) of the Companies Act, 2013 M/s Haribhakti & Co LLP, 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 the engineering division of the company, Coimbatore for the financial year 2015 – 2016 on a remuneration of ₹ 5,16,000/- (Rupees five lakhs sixteen thousand only) excluding applicable taxes and out of pocket expenses incurred in connection with the audit."

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr.M.Kannan, (Membership Number 9167), Cost Accountant, appointed as Cost Auditor by the Board of Directors of the Company to conduct the audit of the cost records of the engineering division of the Company, for the financial years 2014-2015 and 2015-16, on a remuneration of ₹ 40,000/- (Rupees forty thousand only) for the financial year 2014-15 and ₹ 50,000/- (Rupees fifty thousand only) for the financial year 2015-16 exclusive of service tax and out of pocket of expenses be and is hereby ratified and confirmed"

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

RESOLVED THAT pursuant to Sections 160, 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder including any amendment or re-enactment thereof, Mrs.Kalyani Balasubramanian, (DIN: 02371318) who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 19<sup>th</sup> March, 2015 and who holds office upto the date of this Annual General Meeting in accordance with the provisions of Section 161(1) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company for a term of five years commencing from 16<sup>th</sup> September, 2015.

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of the Articles of Association and subject to such approvals, if any as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Sri.Suresh Jagannathan (DIN 00011326) as Managing Director of the Company for a period of 5 (five) years with effect from 12<sup>th</sup> March, 2016 on the terms and conditions, as set out below with liberty to the Board of Directors to increase, alter and vary the salary, commission and other terms in such manner, as the Board in its absolute discretion deems fit within the limits specified in Section 197 and Schedule V to the Companies Act, 2013 or any amendments, modifications, re-enactments thereof in force from time to time in this behalf.

**Remuneration**

- I) Salary ₹ 3,50,000/- (Rupees three lakhs fifty thousand only) per month
- II) Commission

At the discretion of the Board and the amount determined shall be subject to the limits laid down under section 197 & 198 of the Companies Act, 2013

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

Provision of telephone and car for official use.

“RESOLVED FURTHER THAT in any financial year, during the currency of tenure of Sri. Suresh Jagannathan as Managing Director, the Company has no profits or its profits are inadequate, the above remuneration shall be treated/payable as minimum remuneration as specified in Schedule V of the Companies Act, 2013, as amended.”

Further Resolved that Sri.Suresh Jagannathan shall not be entitled to receive sitting fees for attending the meetings of the Board of Directors or any Committees thereof.

Further Resolved that the period of office of Sri.Suresh Jagannathan, Managing Director is not liable to determination by retirement of directors by rotation

### **Statement pursuant under Section 102 of the Companies Act, 2013**

#### **Item No.4**

As per Section 143(8) of the Companies Act, 2013, Branch Auditor is required to be appointed at the General Meeting. Accordingly, Branch Auditor is being appointed at 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.4 of the Notice seeks the authorization of the members to appoint Branch Auditor for the financial year 2015-2016.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise in this Resolution.

#### **Item No.5**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Sri.M.Kannan, Cost Accountant, as Cost Auditor to conduct the audit of the cost records of the Company for the financial years 2014-15 and 2015-16. In accordance with the provisions of Section 148 of the Companies Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the Members of the Company. Accordingly, consent of the Members of the Company is sought for passing Ordinary Resolution as set out at Items No. 5 of the Notice for ratification of the remuneration of the Cost Auditor for the financial year 2014-15 and 2015-16.

None of the Directors and Key Managerial Personnel or their relatives are interested in the above resolution.

**Item No.6**

Mrs.Kalyani Balasubramanian was appointed as an Additional Director of the Company, proposed to be appointed as an independent director, with effect from 16th September, 2015 by the Board of Directors at their meeting held on 19th March, 2015. Her period of office is not liable to determination by retirement of directors by rotation. A notice pursuant to section 160 of the Companies Act, 2013 has been received from a member proposing Mrs.Kalyani Balasubramanian as a candidate for the office of Director of the Company.

Mrs.Kalyani Balasubramanian is a Non-Executive Independent Director of the Company. She has joined the Board of Directors of the Company on 19th March, 2015. The qualification and expertise of Mrs.Kalyani Balasubramanian has been detailed in the annexure attached.

Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Mrs.Kalyani Balasubramanian being eligible and offering herself for appointment, is proposed to be appointed as an Independent Director for period up to 15<sup>th</sup> September, 2020 with effect from 16<sup>th</sup> September, 2015. A notice has been received from a member proposing Mrs.Kalyani Balasubramanian as a candidate for the office of Director of the Company.

Mrs.Kalyani Balasubramanian has given her consent to act as an Independent Director of the Company and has furnished necessary declarations to the Board of Directors that she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. Further as per the declarations received by the Company, Mrs.Kalyani Balasubramanian is not disqualified under Section 164 of the Companies Act, 2013.

Copy of the draft letter for appointment of Mrs.Kalyani Balasubramanian as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mrs.Kalyani Balasubramanian as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mrs.Kalyani Balasubramanian as an Independent Director, for the approval by the shareholders of the Company.

Except Mrs.Kalyani Balasubramanian, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are in anyway concerned or interested, financial or otherwise, in the resolution set out at Item No.6

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee recommends the Ordinary Resolution set out in Item No. 6 for the approval of the Members.

**Item No.7**

The present tenure of Sri.Suresh Jagannathan, Managing Director, expires on 11<sup>th</sup> March, 2016. 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 utilize his services for the future growth by the proposed re-appointment as Managing Director for a period of five years

In terms of Section 196, 197, 203, Schedule V of the Companies Act, 2013 the said appointment, payment of remuneration require the approval of shareholders in General Meeting as contemplated therein.

Accordingly, the approval of the Members of the Company is sought for re-appointment and payment of remuneration to Sri.Suresh Jagannathan as Managing Director, as mentioned in the Resolution at Item No. 7 of this Notice, with effect from 12<sup>th</sup> March, 2016.

The Board recommend the passing of the Resolution set out at item no. 7 of this Notice.

Except Sri.Suresh Jagannathan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are in anyway concerned or interested, financial or otherwise, in the resolution set out at Item No.7

**Notes :**

- 1. A member entitled to attend and vote at the Annual General Meeting (the “meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company.**

**The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.**

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members / Proxies should bring the attendance slips duly filled and signed for attending the meeting.



4. Details under SS -2 and Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting are furnished and forms a part of the Notice. The Directors have furnished the requisite consents/declarations for their appointment / re-appointment.
5. The register of members and share transfer books of the company will remain closed from 10<sup>th</sup> September, 2015 to 16<sup>th</sup> September, 2015 (both days inclusive).
6. Members holding shares in physical form are requested to notify immediately any change in their address along with respective address proof to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA.
7. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
8. 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) up to 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.
9. 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 2006-2007 have already been transferred to Investors' Education and Protection Fund.
10. Pursuant to Section 205A of the Companies Act, 1956, the Dividend which remained un-encashed / unclaimed for a period of seven years from the date of transfer to the unpaid Dividend account is required to be transferred to the "Investor Education and Protection Fund" established by the Central Government. According to the relevant provisions of the Companies Act, 1956, as amended, no claim shall lie against the said fund or the Company for the amount of unclaimed Dividend so transferred to the said Fund. Members who have not encashed the Dividend warrant(s) so far, are requested to send their claim immediately to the Company / Registrar and Transfer Agent for issue of pay order / demand draft in lieu thereof.
11. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating

their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.

12. Members holding shares in Physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with Physical shares.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in Physical form can submit their PAN to the Company or to Registrar and Transfer Agent.
14. Electronic copy of the Annual Report for 31st March, 2015, the Notice of the 53rd Annual General Meeting of the Company and instructions for e-voting, Attendance Slip and Proxy Form, are being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.

Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of Listing Agreement the Company is pleased to provide its members the facility to exercise their right to vote at the 53<sup>rd</sup> Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

The Facility for voting, through polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting may exercise their vote through polling paper at the meeting.

The Members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.

**15. The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 13th September, 2015 at 9.00 A.M and ends on 15th September, 2015 at 6.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 9th September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

**PAN**

Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.

**DOB**

Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

**Dividend Bank Details**

Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this

password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant < KLRF LIMITED> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non - Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 9th September, 2015.

Mr. M.D. Selvaraj FCS, Proprietor of MDS & Associates, Company Secretaries, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process / Poll in a fair and transparent manner.

The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.klrf.in](http://www.klrf.in) within three days of passing of the resolutions and communicated to the Stock Exchange where the Company's shares are listed.

#### 16. 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 SS-2 and clause 49 of the Listing Agreement.

Name	Mr. R. Kannan	Mrs. Kalyani Balasubramanian	Mr. Suresh Jagannathan
Director Identification Number (DIN)	00951451	02371318	00011326
Age	59 years	48 years	58 years
Year of Induction to the Board	01.07.2014	19.03.2015	12.03.1981
Qualification	B.Com.,	MS in Computer Science from Northeastern University, Boston	Bachelor of Science from Rensselaer Polytechnic Institute Newyork

**KLRF Limited**

Name	Mr. R. Kannan	Mrs. Kalyani Balasubramanian	Mr. Suresh Jagannathan
Expertise in Specific Area	33 years of experience in Finance and Accounts	20 years of experience in Information Technology	35 years of experience in food, textiles and engineering industries
Relationship	He is not related to any other Directors on the Board of the Company	She is not related to any other Directors on the Board of the Company	He is not related to any other Directors on the Board of the Company
Board position held	Executive Director and C F O	Independent Director	Managing Director
Shareholding in KLRF Limited	1450 shares	NIL	1096211 shares
List of Directorship held in other Companies	NIL	Lucid Technologies and Solutions P Ltd	Cape Flour Mills P Ltd Cape Power P Ltd Chempaka General Finance P Ltd Elgi Rubber Company Ltd Pricol Ltd Precot Meridian Ltd Treadsdirect Ltd
Membership / Chairmanship of Audit and Stakeholders Relationship Committee	NIL	NIL	Elgi Rubber Company Ltd Member - Audit Committee, CSR Committee Nomination and Remuneration Committee Treadsdirect Ltd Member Audit Committee CSR Committee Nomination and Remuneration Committee
Meeting attended	4	NA	6
Remuneration	Paid for 2014-15 ₹ 20.88 Lakhs	NA	Paid for 2014-15 ₹ 23.22 Lakhs.

Place : Coimbatore  
Date : 31.07.2015

By Order of the Board  
**Suresh Jagannathan**  
Managing Director  
DIN : 00011326

**DIRECTORS' REPORT & MANAGEMENT ANALYSIS****Dear Shareholders,**

The Directors present their Fifty third Annual Report together with the audited statement of accounts for the year ended 31st March, 2015. The management discussion and analysis report have been included at the appropriate places in this report.

	(₹ in Lakhs)	
	31.3.2015	31.3.2014
<b>FINANCIAL RESULTS</b>		
Total Turnover (Net)	<b>22193.77</b>	24773.37
Profit before financial charges and depreciation	<b>1267.21</b>	1341.94
Less : Financial charges	<b>799.23</b>	746.53
Profit before depreciation	<b>467.98</b>	595.41
Less : Depreciation	<b>307.06</b>	541.27
Profit / (Loss) before tax	<b>160.92</b>	54.14
Add / (Less) Provision for tax - Current	<b>32.20</b>	96.47
- Deferred tax assets / (-) liabilities	<b>44.60</b>	(0.98)
Net Profit / (Loss) after tax carried to Balance sheet	<b>173.32</b>	(43.31)

**INDUSTRY STRUCTURE AND DEVELOPMENTS****Results**

The turnover of the company for the year is ₹ 22194 lakhs as against ₹ 24773 lakhs last year.

The company earned an EBIDTA ₹ 1267 lakhs

The Food division earned an EBIDTA of ₹ 930 lakhs on milling of 56292 Metric tons of wheat accounting for 59 % of the turnover of the Company.

The Textile Division has incurred an EBIDTA of ₹ (-) 231 lakhs and Engineering Division has earned an EBIDTA of ₹ 568 lakhs.

**CAPITAL INVESTMENT**

Company has made a total capital investment of ₹ 426 lakhs. These investments will result in increase in production, cost reduction and improvement in quality.

**ECONOMIC OUTLOOK FOR THE YEAR**

The economic growth in 2014 was modest with positive contributions. In 2015, the growth rate is expected to be better due to new Government policies.

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

### **Food Division**

Wheat production for the current year has been lower due to unseasonal rains. International grain prices, quality and availability being favourable, the milling industry is optimistic. Demand being consistent, this division can look forward to a positive contribution this year.

### **Textile Division**

Due to continuous losses and considering the uncertainty in this sector, the Board of Directors have recommended to discontinue the operations. The company has obtained necessary approval from the shareholders pursuant to Section 180 (1) (a) of the Companies Act, 2013 by postal ballot and e-voting. The detailed resolution as approved by the shareholders is available in the Corporate Governance Report.

### **Engineering Division**

Increased production was achieved due to availability of dedicated power supply. Increased production and improved performance is expected this year.

## **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. 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 stated separately under segment reporting

## **FINANCE**

Your company continued to avail need based working capital facilities from Canara Bank and HDFC Bank Limited

## **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS**

The Corporate governance and Management Discussion & Analysis Report form an integral part of this Report. 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.

### **SHARE CAPITAL**

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2015 was ₹ 5,02,06,440/-. During the year under review, the Company has not issued any shares.

### **DIVIDEND**

Your directors are unable to recommend any dividend for the year ended 31st March, 2015

### **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

The Company had transferred unpaid dividend amounts within the statutory period to the IEPF. During the financial year 2014-15, unpaid or unclaimed dividends ₹ 2,10,065/- relating to financial year 2006 - 07 was transferred to the IEPF.

### **EXTRACT OF ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure - B and is attached to this Report.

### **MEETINGS**

During the year six board meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that;

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- 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, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2015 on going concern basis.

- v. The Directors had laid down internal financial controls to be followed by the company and ensured that such internal financial controls are adequate and were operating effectively.
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **DECLARATION GIVEN BY INDEPENDENT DIRECTORS**

All the Independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

#### **REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their Remuneration. The Remuneration Policy is stated in Annexure - D

#### **AUDITORS**

Sri.P.Marimuthu, Auditor of the Company will retire at the forthcoming annual general meeting and is eligible for re-appointment.

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

#### **COST AUDITOR**

Sri.M.Kannan, Cost Accountant has been appointed as Cost Auditor for the financial year 2014 - 2015 for the foundry division of the company and cost audit report will be filed on or before the due date.

Cost audit report for the year ended 31st March, 2014 has been filed on 26th September, 2014 before the time limit prescribed under the Act.

The Board of Directors at its meeting held on 29<sup>th</sup> May, 2015, based on the recommendation of the audit committee appointed Sri.M.Kannan, Cost Accountant as Cost Auditor for conducting the Cost Audit of the engineering division for the financial year 2015 - 2016.

As required under the provisions of Section 148 of the Companies Act, 2013, necessary resolutions seeking member's ratification for the remuneration to Sri.M.Kannan is included as item Number 5 of the Notice convening the Fifty Third Annual General Meeting.

#### **SECRETARIAL AUDIT**

Pursuant to provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company

has appointed Mr.M.D.Selvaraj, FCS, Proprietor of MDS & Associates, Company Secretaries, Coimbatore to conduct the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure-A"

There are no qualifications, reservations or adverse remarks or disclaimers made by the Auditors/ Secretarial Auditor in their/ his report on the financial statements/secretarial audit report of the Company for the financial year ended 31<sup>st</sup> March, 2015

#### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS U/S 186**

There were no loans, guarantees or investments made by the Company under section 186 of the Companies Act, 2013 during the period under review and hence the said provision is not applicable.

#### **RELATED PARTY TRANSACTIONS**

All transactions entered into during the financial year ended 31<sup>st</sup> March, 2015 with Related Parties as defined under the Companies Act and Clause 49 of the Listing Agreement were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transaction referred to in Section 188 of the Companies Act, with related parties which could be considered material under the Listing Agreement. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act in Form AOC-2 is not applicable. Attention of Members is drawn to the disclosures of transactions with related parties set out in Notes to Accounts – Note No.16 forming part of the financial statements.

The Company has developed a policy on Related Party Transactions for identification and monitoring of transactions. The policy on related party transactions as approved by the Board is uploaded on the Company's website and can be accessed at <http://www.klrf.in>

#### **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which the financial statements relate and the date of this Directors' Report.

#### **RISK MANAGEMENT**

The Company has a structured risk management policy. The Risk management process is designed to safeguard the organisation from various risks through adequate and timely actions. It is designed to anticipate, evaluate and mitigate risks in order to minimize its impact on the business. The potential risks are inventorised and integrated with the

management process such that they receive the necessary consideration during decision making.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

### **BOARD EVALUATION**

The Board has made a formal annual evaluation of its own performance, Committees of the Board, Independent Directors and Individual Directors of the Company.

The Board's performance was evaluated based on the criteria like Structure, Governance, Dynamics and Functioning, Approval and review of operations, Financials, Internal Controls etc.,

The performance of the Independent Directors as well as Individual Directors were evaluated based on the evaluation criteria laid down under the Nomination and Remuneration Policy and Code of Conduct as laid down by the Board.

The Committees of the Board were evaluated based on the terms of reference specified by the Board to the said Committee. The Board of Directors were satisfied with the evaluation process which ensured that the performance of the Board, its Committees, Independent Directors and Individual Directors adhered to their applicable criteria.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

At the Annual General Meeting of the Company held on 18<sup>th</sup> September, 2014, the Members had approved the appointment of Mr.Sudarsan Varadraj, Mr.K.Gnanasekaran as Independent Directors for a term of five years and Mr.S.Govindan as Independent Director upto 31<sup>st</sup> March, 2017.

The shareholders at the annual general meeting held on 18<sup>th</sup> September, 2014 appointed Mr.R.Kannan as Executive Director and Chief Financial Officer for a period of five years with effect from 1<sup>st</sup> July, 2014

The Board of Directors at their meeting held on 19<sup>th</sup> March, 2015 have appointed Mrs.Kalyani Balasubramanian as Additional Director and she holds upto the ensuing annual general meeting. Notice under Section 160 of the Act, has been received by the Company from a Member, signifying his intention to propose the candidature of Mrs.Kalyani Balasubramanian as an Independent Director of the Company. The Board of Directors have recommended the appointment of Mrs.Kalyani Balasubramanian as Director as per the provisions of Section 160 and other applicable provisions of the Companies Act, 2013.

The Board of Directors at their meeting held on 29<sup>th</sup> May, 2015 have re-appointed Mr.Suresh Jagannathan as Managing Director for a period of five years from 12<sup>th</sup> March, 2016, subject to approval of members at the ensuing annual general meeting.

Mr.R.Kannan, Executive Director and Chief Financial Officer is liable to retire by rotation at the ensuing annual general meeting and being eligible offers himself for re-appointment.

Your directors recommended their appointment / re-appointment.

A brief resume, expertise, shareholding in the Company and details of other Directorships of these Directors as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange form part of the Notice of the ensuing Annual General Meeting.

### **KEY MANAGERIAL PERSONNEL**

Key Managerial Personnel of the company as required pursuant to Section 2 (51) of the Companies Act, 2013 are Sri.Suresh Jagannathan, Managing Director, Mr.R.Kannan, Executive Director and Chief Financial Officer and Mr.S.Piramuthu, Company Secretary

### **AUDIT COMMITTEE**

The Audit Committee of the Board of Directors of the Company, comprises three members namely Mr.Sudarsan Varadaraj, Mr.K.Gnanasekaran and Mr.S.Govindan, all of them being Independent Directors. Mr.Sudarsan Varadaraj, an Independent Director, is the Chairperson of the Audit Committee.

The Board accepted the recommendations of the Audit Committee whenever made by the Committee during the year.

### **CONSERVATION OF ENERGY**

- a. Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
- b. No specific investment has been made in reduction in energy consumption.
- c. As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.

### **TECHNOLOGY ABSORPTION**

Company's products are manufactured by using in-house know how and no outside technology is being used for manufacturing activities. Therefore no technology absorption is required.

### **FOREIGN EXCHANGE EARNINGS AND OUT GO**

During the year under review, your Company has earned foreign exchange of ₹ 11.63 lakhs and incurred an out flow of ₹ 128.94 lakhs

## **SUBSIDIARY COMPANIES**

The Company does not have any subsidiary , associate company or joint ventures.

## **FIXED DEPOSITS**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. The total deposits remained unpaid or unclaimed as at 31<sup>st</sup> March, 2015 is Nil.

## **DISCLOSURE UNDER SECTION 197(12) AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The requisite details relating to ratio of remuneration, percentage increase in remuneration etc. as stipulated under the above Rules are annexed as Annexure-C to this Report.

## **DISCLOSURE UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The disclosure referred to the Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 does not apply to the Company as there were no employees who are in receipt of remuneration in the aggregate at the rate of not less than ₹ 60,00,000/- if employed throughout the year or ₹ 5,00,000/- per month if employed for part of the year.

## **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

Your Company has established a vigil mechanism for directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report forming part of this Annual Report.

## **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 corner stones for the success of any organization.

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

## **LISTING**

Your Company's shares are listed at BSE Limited. Necessary listing fees for the year have been paid.

**ORDERS BY REGULATORS, COURTS OR TRIBUNALS**

No significant and/or material orders were passed by any regulator or court or tribunal impacting the going concern status and the Company's operations in future.

**DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an anti sexual harassment policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy. The Company has not received any sexual harassment complaint during the year 2014 - 2015.

**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 banks and financial institutions.

Your Directors would like to thank all Shareholders, 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 : 29.05.2015

**Sudarsan Varadaraj**

Director

DIN : 00133533

**Suresh Jagannathan**

Managing Director

DIN : 00011326

**Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH 2015**

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To  
The Members,  
KLRF LIMITED  
CIN: L15314TN1961PLC004674  
75/8, Benares Cape Road  
Gangaikondan  
Tirunelveli - 627352

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **KLRF Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. **KLRF Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-



- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the Listing Agreement entered into by the Company with BSE Limited.

I report that, during the year under review, the Company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above.

I further report that, there were no actions/ events in pursuant of

- a) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings ;
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

requiring compliance thereof by the Company during the financial year and the Secretarial Standards issued by The Institute of Company Secretaries of India were not applicable during the year.

- v) I further report that based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads and Company Secretary taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws like labour laws and environmental laws.
- vi) I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same

have been subject to review by statutory financial audit and other designated professionals.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the audit period the members have passed special resolutions under Section 180(1)(a) to dispose the undertaking of Textile Unit I & II, Sheet metal Industries and to create charge to secure the Borrowings of the Company and under Section 180(1)(c) of the Act empowering the Board of Directors to borrow moneys in excess of the aggregate of paid-up capital and free reserve provided that the amounts borrowed and outstanding at any point of time does not exceed ₹150 crores apart from temporary loans obtained from the bankers in the ordinary course of business. Other than these, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Place : Coimbatore

Date : 29.05.2015

M.D. Selvaraj  
MDS & Associates  
Company Secretaries  
FCS No.: 960  
C P No.: 411

*This report is to be read with our letter of even date which is annexed as Annexure A and forms and integral part of this report*

To  
The Members,  
KLRF LIMITED  
CIN: L15314TN1961PLC004674  
75/8, Benares Cape Road  
Gangaikondan  
Tirunelveli - 627352

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Coimbatore  
Date : 29.05.2015

M.D.Selvaraj  
MDS & Associates  
Company Secretaries  
FCS No.: 960  
C P No.: 411

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31.03.2015**

(Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014)

**I. REGISTRATION AND OTHER DETAILS:**

- |  |  |
|--|--|
| i) CIN   | L15314TN1961PLC004674  |
| ii) Registration Date  | 16th December, 1961  |
| iii) Name of the Company   | <b>KLRF LIMITED</b>  |
| iv) Category / Sub-Category of the Company                                     | Company Limited by Shares  |
| v) Address of the Registered office and contact details                        | 75/8, Benares Cape Road<br>Gangaikondan-627352,<br>Tirunelveli District,<br>Tamil Nadu, India<br>Phone : +91 462 2486532<br>Fax : +91 462 2486132<br>E-mail : <a href="mailto:ho@klrf.in">ho@klrf.in</a>   |
| vi) Whether listed Company   | Yes  |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | <b>M/s Link Intime India Private Limited</b><br>"Surya" 35, Mayflower Avenue,<br>Behind Senthil Nagar,<br>Sowripalayam Road, Coimbatore-641018,<br>Tamil Nadu, India<br>COIMBATORE-641006<br>Telephone : +91 422 2314792, 2539836<br>Telefax : +91 422 2314792<br>E-mail : Coimbatore@linkintime.co.in |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Flour Milling	10611	58.72%
2.	Iron and Steel Castings	24319	27.11%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

(No. of Companies for which information is being filled)

Sl. No.	Name and address of the Company	CIN / GLN	Holding Subsidiary Associate	% of shares held	Applicable Section
NIL					

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-April-2014)				No. of Shares held at the end of the year (As on 31-March-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A1 Promoters Indian</b>									
a Individual / HUF	1469050	—	1469050	29.26	1471056	—	1471056	29.30	0.04
b Central Govt	—	—	—	—	—	—	—	—	—
c State Govt	—	—	—	—	—	—	—	—	—
d Bodies Corp.	1004423	—	1004423	20.00	1075923	—	1075923	21.43	1.43
e Banks/ FI	—	—	—	—	—	—	—	—	—
f Any other	—	—	—	—	—	—	—	—	—
<b>Sub-total (A)(1)</b>	<b>2473473</b>	<b>—</b>	<b>2473473</b>	<b>49.26</b>	<b>2546979</b>	<b>—</b>	<b>2546979</b>	<b>50.73</b>	<b>1.47</b>
<b>2 Foreign</b>									
a NRIs - Individuals	—	—	—	—	—	—	—	—	—
b Other Individuals	—	—	—	—	—	—	—	—	—
c Bodies Corp.	—	—	—	—	—	—	—	—	—
d Banks/ FI	—	—	—	—	—	—	—	—	—
e Any other	—	—	—	—	—	—	—	—	—
<b>Sub-total (A)(2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>B Public Shareholding</b>									
<b>1 Institutions</b>									
a Mutual Funds	—	—	—	—	—	—	—	—	—
b Banks/FI	—	805	805	0.01	—	805	805	0.01	—
c Central Govt	—	—	—	—	—	—	—	—	—
d State Govt	—	—	—	—	—	—	—	—	—
e Venture Capital Funds	—	—	—	—	—	—	—	—	—
f Insurance Companies	250000	—	250000	4.98	250000	—	250000	4.98	—
g FIS	—	—	—	—	—	—	—	—	—
h Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i Others (specify)	—	—	—	—	—	—	—	—	—
<b>Sub - total (B) (1)</b>	<b>250000</b>	<b>805</b>	<b>250805</b>	<b>4.99</b>	<b>250000</b>	<b>805</b>	<b>250805</b>	<b>4.99</b>	<b>—</b>

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-April-2014)				No. of Shares held at the end of the year (As on 31-March-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2 Non Institutions</b>									
a Bodies Corp	166919	5701	172620	3.44	160696	5451	166147	3.31	(0.13)
i Indian	—	—	—	—	—	—	—	—	—
ii Overseas	—	—	—	—	—	—	—	—	—
b Individuals	—	—	—	—	—	—	—	—	—
i Individual shareholders holding nominal share capital upto Rs.1 lakh	1290873	221729	1512602	30.13	1199653	211661	1411314	28.12	(2.01)
ii Individual shareholders holding nominal share capital in excess of Rs.1 lakh	451685	103375	555060	11.06	478051	103375	581426	11.58	0.52
c Others (specify) Clearing Members & Market Makers	1536	—	1536	0.04	8374	—	8374	0.16	0.12
NRI- Repat & Non-Repatriate	15165	—	15165	0.30	11515	—	11515	0.23	(0.07)
HUF	17991	1200	19191	0.38	16342	1200	17542	0.35	(0.03)
Directors and their relatives	10392	9800	20192	0.40	11792	14750	26542	0.53	0.13
<b>Sub-total(B)(2)</b>	<b>1954561</b>	<b>341805</b>	<b>2296366</b>	<b>45.75</b>	<b>1886423</b>	<b>336437</b>	<b>2222860</b>	<b>44.28</b>	<b>(1.47)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2204561</b>	<b>342610</b>	<b>2547171</b>	<b>50.74</b>	<b>2136423</b>	<b>337242</b>	<b>2473665</b>	<b>49.27</b>	<b>(1.47)</b>
<b>C Shares held by Custodian for GDRs &amp; ADRs</b>	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>4678034</b>	<b>342610</b>	<b>5020644</b>	<b>100</b>	<b>4683402</b>	<b>337242</b>	<b>5020644</b>	<b>100.00</b>	<b>—</b>

**ii) Shareholding of Promoter-**

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mr. Suresh Jagannathan (Individual and HUF)	1094205	21.78	—	1096211	21.83	—	0.05
2	Mr. V.Jagannathan ( jointly with) Mr. Suresh Jagannathan and Mrs.J.Chandranthi	318320	6.34	—	318320	6.34	—	—
3	Mr.Sharath S Jagannathan	56525	1.13	—	56525	1.13	—	—
4	M/s. Cape Flour Mills Private Limited	997935	19.88	—	997935	19.88	—	—
5	M/s. Chempaka General Finance P Ltd	6488	0.13	—	6488	0.13	—	—
6	M/s. Mckinnon India Private Limited	—	—	—	71500	1.42	—	1.42
	<b>Total</b>	<b>2473473</b>	<b>49.26</b>	<b>—</b>	<b>2546979</b>	<b>50.73</b>	<b>—</b>	<b>1.47</b>

**iii) Change in Promoters' Shareholding**

Sl. No.		Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr.Suresh Jagannathan (Individual and HUF)	1094205	21.78	1094205	21.78
	Transfer - 28/11/2014	2006	0.05	1096211	21.83
	At the end of the year (as on 31/3/2015)	1096211	21.83	1096211	21.83
2	M/s Mckinnon India Private Limited				
	Transfer - 13/06/2014	71500	1.42	71500	1.42
	At the end of the year (as on 31/3/2015)	71500	1.42	71500	1.42

**KLRF Limited****iv) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	M/s United India Insurance Company Limited	250000	4.98	250000	4.98
2	Mr.K.Mohan	184461	3.67	184461	3.67
	Transfer 30/06/2014	38040	0.76	222501	4.43
	Transfer 25/07/2014	5857	0.11	228358	4.54
	Transfer 17/10/2014	13488	0.28	241846	4.82
	At the end of the year (as on 31/3/2015)	241846	4.82	241846	4.82
3	Mr.Pramod Patwari	71681	1.43	71681	1.43
4	M/s Deam Consulting Private Limited	68524	1.36	68524	1.36
5	Mr.S.Sudhakar	25050	0.50	25050	0.50
6	Mrs.S.Sumitha	24225	0.48	24225	0.48
7	Mr.N.V.Srinivasan	22600	0.45	22600	0.45
8	Mr.Sanjay Jayavarthanavelu	21600	0.43	21600	0.43
9	Mr.Piyush Ishverlal Gandhi	20100	0.40	20100	0.40
10	Mr.V.Ramanuja Naidu	20000	0.40	20000	0.40



**KLRF Limited**

**v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr.Suresh Jagannathan, Managing Director At the beginning of the year (as on 1/4/2014) Transfer At the end of the year (as on 31/3/2015)	1094205 2006 1096211	21.78 0.05 21.83	1094205 1096211 1096211	21.78 21.83 21.83
2	Mr.R.Kannan, Executive Director and Chief Financial Officer	1450	0.02	1450	0.02
3	Mr.Sudarsan Varadaraj - Independent Director	—	—	—	—
4	Mr.V.N.Jayaprakasam - Director Non Independent	7117	0.14	7117	0.14
5	Mr.K.Gnanasekaran - Independent Director	—	—	—	—
6	Mr.S.Govindan, Independent Director	225	—	225	—
7	Mrs.Kalyani Balasubramanian Independent Director	—	—	—	—
8	Mr.S.Piramuthu, Company Secretary	50	—	50	—

**V. INDEBTEDNESS -**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

₹ in Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2014)</b>				
i) Principal Amount	4500.67	100.00	787.18	5387.85
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	4500.67	100.00	787.18	5387.85
<b>Change in Indebtedness during the financial year</b>				
● Addition	1211.50	554.65	-	1766.15
● Reduction	1467.77	100.00	787.18	2354.95
<b>Net Change</b>	(256.27)	454.65	(787.18)	(588.80)
<b>Indebtedness at the end of the financial year 31.03.2015</b>				
i) Principal Amount	4244.40	554.65	-	4799.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	4244.40	554.65	-	4799.05

**KLRF Limited**

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managerial Director, Whole- Time Directors and/ or Manager :**

**(in ₹)**

Sl. No.	Particulars of remuneration	Name of the MD / WTD Manager			
		Mr. Suresh Jagannathan Managing Director	Mr. R. Kannan Executive Director and Chief Financial Officer From 01.07.2014	Mr. V.N. Jayaprakasam Executive Director upto 30.06.2014	Total
1	Gross salary per annum				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2321522	2088000	662529	5072051
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others	-	-	-	-
5	Others	-	-	-	-
	<b>Total (A)</b>	2321522	2088000	662529	5072051
	Ceiling as per the Act	₹ 42 Lakhs	₹ 31.50 Lakhs	₹ 10.50 Lakhs	₹ 84 Lakhs

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (Contd.)**

**B. Remuneration to Other Directors**

**(in ₹)**

Sl. No.	Particulars of Remuneration	Name of Directors					Total
		Mr. Sudarsan Varadaraj	Mr. V.N.Jaya-prakasam	Mr. Gnana-sekaran	Mr. S.Govindan	Mrs.Kalyani Bala-subramanian	
1	Independent Directors · Fee for attending board/committee meetings · Commission · Others, please specify	116000 - -	- - -	116000 - -	126000 - -	NIL - -	358000 - -
	Total (1)	116000	-	116000	126000	NIL	358000
2	Other Non-Executive Directors · Fee for attending board/committee meetings · Commission · Others, please specify	- - -	48000 - -	- - -	- - -	- - -	48000 - -
	Total (2)	-	48000	-	-	-	48000
	Total (B)=(1+2)	116000	48000	116000	126000	NIL	406000
	Overall Ceiling as per the Act	Sitting fees paid to the non-executive directors have not been considered as remuneration under Section 197 of the Companies Act, 2013					

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sl. No.	Particulars of Remuneration	Name of the Key Managerial Personnel Mr. S. Piramuthu	Total ₹
1	Gross salary per annum		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	796379	796379
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	others, specif	-	-
5	Others, please specify	-	-
	Total	796379	796379

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (give details)
<b>A. COMPANY</b> Penalty Punishment Compounding					
	NONE				
<b>B. DIRECTORS</b> Penalty Punishment Compounding					
	NONE				
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding					
	NONE				

**Annexure-C**

**Particulars of Remuneration of directors and employees pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration) Rules, 2014**

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.

Sl.No	Name of the director	Ratio
1	Sri.Suresh Jagannathan-Managing Director	11.879 : 1
2	Sri.R.Kannan, Executive Director and Chief Financial Officer from 01.07.2014	14.246 : 1
3	Sri.V.N.Jayaprakasam, Executive Director upto 30.06.2014	3.390 : 1

Sitting fees paid to the non-executive directors have not been considered as remuneration

2. The percentage increase in remuneration of each director, Managing Director, Executive Director and Company Secretary in the financial year

Sl.No	Name of the director/Managing Director/Company Secretary	Percentage
1	Sri.Suresh Jagannathan-Managing Director	5.76 %
2	Sri.R.Kannan, Executive Director and Chief Financial Officer	13.62 %
3	Sri.S.Piramuthu, Company Secretary	13.61 %

3. The percentage increase in the median remuneration of employees in the financial year 14 %

4. The number of permanent employees on the rolls of the Company - 188
5. The explanation on the relationship between average increase in remuneration and company performance.

The performance of the company was impacted by adverse market conditions and intense competition. The increase granted to the employees are in line with the normal increase granted by the company from time to time and is intended to compensate for inflation and motivate employees.

6. Comparison of the remuneration of Key Managerial Personnel (KMP) against the performance of the Company.

KMP's remuneration for 2014-2015 (₹ in lakhs)	% increase in KMP's remuneration (2014-2015 against 2013-2014)	Sales for 2014-2015 (₹ in lakhs)	% increase in sales (2014-2015 against 2013-2014)
59.02	11	22193.77	(10.41)

7. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer

Particulars	As on 31.03.2014	As on 31.03.2015	Variations	%
Market capitalization (₹ in lakhs)	1154.75	1707.75	552.27	47.82
Price earning ratio	-	9.86	-	-

Market quotation of the shares as on 31.3.2015 (BSE Limited)	₹ 34/- per share of nominal value of ₹ 10/-
--	---

Market quotations of the shares when the company came out with the last public offer	Offer of public issue in November, 2006 at a price of ₹ 55/- per share of face value of ₹ 10/-
--	--

Percentage increase over/ decrease in the market quotations of the shares of the company	After the last public offer the Company has acquired M/s. Eltex Super Castings Limited (Transferor Company) and issued 1 equity shares for every 50 shares held by the shareholders of transferor company. Hence it is not comparable
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8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average percentile increase granted to employees other than managerial personnel is 14 % The increase granted for managerial personnel is 11 %

9. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.

KMP's Name and Designation	CTC for 2014 - 15 (₹ in lakhs)	% increase in CTC (2014-15 against 2013-14)	Sales for 2014 - 15 (₹ in lakhs)	% increase in sales (2014-15 against 2013-14)
Sri.Suresh Jagannathan Managing Director	23.22	5.76 %		
Sri.R.Kannan Executive Director and Chief Financial Officer	27.84	13.61 %	22193.77	(10.41)
Sri.S.Piramuthu Company Secretary	7.96	13.63 %		
Total	59.02	11.00 %		

- 10 The key parameters for any variable component of remuneration availed by the directors
- The Directors are not eligible for any variable compensation other than commission as per the provisions of the Act.
- 11 The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year
- Since the remuneration of the highest paid employee is not in excess of the highest paid director it is not applicable
- 12 We affirm that the remuneration paid to Directors, Key Managerial Personnel as per the remuneration policy of the Company.
- 13 Employees receiving remuneration not less than ₹ 5,00,000/- per month : **NIL**

**EXTRACT OF REMUNERATION POLICY**

- 1) Remuneration to Managing Director / Whole-time Directors:
  - a) The Remuneration/ Commission etc., to be paid to Managing Director / Whole-time Directors, etc., shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
  - b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.
- 2) Remuneration to Non- Executive / Independent Directors:
  - a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
  - b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
  - c) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
    - i) The services are rendered by such Director in his capacity as a professional; and
    - ii) In the opinion of the Committee, the director possess the requisite qualification for the practice of that profession.
- 3) Remuneration to Key Managerial Personnel and Senior Management:
  - a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay/ commission/ incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
  - b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund etc. as decided from to time.
  - c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

**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, one Non Independent Director and four Non-Executive Independent Directors. The company has a woman director. There are four Independent Directors who bring independent judgment in the board's deliberations and decisions.

The composition of the board of 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 the Director	Category	No.of other Directorships held in Public Limited Companies (*)	Membership in Committee of other Companies @	
			Chairman	Member
Mr.Suresh Jagannathan Managing Director	Executive - Promoter	4	Nil	2
Mr.Sudarsan Varadaraj	Non Executive - Independent	7	Nil	3
Mr.V.N.Jayaprakasam	Non Executive - Non Independent	Nil	Nil	Nil
Mr.K.Gnanasekaran	Non Executive-Independent	1	Nil	1
Mr.S.Govindan	Non Executive-Independent	Nil	Nil	Nil
Mr.R.Kannan Executive Director and Chief Financial Officer	Executive - Non Independent	Nil	Nil	Nil
Mrs.Kalyani Balasubramanian #	Non Executive - Independent	Nil	Nil	Nil

\* Exclude directorship in Private companies and Foreign Companies.

@ Audit Committee and Stakeholders Relationship Committee are considered.

# Appointed as an additional director from 19.3.2015



## **KLRF Limited**

The Board met six times during the financial year on 23<sup>rd</sup> May, 2014, 25<sup>th</sup> June, 2014, 1<sup>st</sup> August, 2014, 12<sup>th</sup> November, 2014, 5<sup>th</sup> February, 2015 and 19<sup>th</sup> March, 2015 and the gap between the meetings did not exceed four months. The attendance of Directors at the Board Meetings and the Annual General Meeting held during the years is as under:

Name of the Director	Board Meeting		Attendance at the last AGM Yes/ No
	Held	Attended	
Mr.Suresh Jagannathan	6	6	Yes
Mr.Sudarsan Varadaraj	6	6	Yes
Mr.V.N.Jayaprakasam	6	6	Yes
Mr.K.Gnanasekaran	6	6	Yes
Mr.S.Govindan	6	6	No
Mr. R. Kannan#	6	4	Yes
Mrs. Kalyani Balasubramanian* -	-	-	-

# Appointed from 01.07.2014

\* Appointed as an Additional Director from 19.03.2015

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

Name of the Director	No.of shares held	% of holdings
Mr. S. Govindan	225	0.004 %
Mr. V.N. Jayaprakasam	7117	0.141 %

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

### **Familiarization Programme for Independent Directors**

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. These include orientation programme as well as other initiatives to update the Directors on a continuing basis.

The familiarisation programme for Independent Directors are disclosed on the Company's website.

### **Independent Directors' Meeting**

Pursuant to the provisions of the Companies Act, 2013 a meeting of independent directors was held on 5<sup>th</sup> February, 2015, to discuss:

- Evaluation of the performance of non-independent directors and the Board of Directors as a whole and

- b. Evaluation of the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

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

#### **(a) Audit Committee**

This Committee comprises of three non-executive independent directors. The terms of reference of this Committee are as required under Section 177 of the Companies Act, 2013 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 Auditors, 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	5
Mr.K.Gnanasekaran	Non – Executive - Independent	5
Mr.S.Govindan	Non – Executive - Independent	5

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Executive Director and Chief Financial Officer, Branch, Internal and the Statutory Auditors 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 2014 – 2015, before it was placed in the Board. The constitution of Audit Committee also meets with the requirements under Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.

Number of Audit Committee Meetings held during the last financial year and the dates on which held:

Number of Audit Committee Meeting held	5
Dates on which held	23 <sup>rd</sup> May, 2014, 25 <sup>th</sup> June, 2014 1 <sup>st</sup> August, 2014, 12 <sup>th</sup> November, 2014 and 5 <sup>th</sup> February, 2015

**(b) Nomination and Remuneration Committee**

As required under Section 178(1) of the Companies Act 2013, read with Clause 49 of the Listing Agreement, the Board has constituted the Nomination and Remuneration Committee with the following Directors as its Members. The Committee is, inter alia, authorized to identify persons who are qualified to become Directors and who may be appointed in Senior Management, evaluation of Directors performance, formulating criteria for determining qualifications, positive attributes and independence of a director and recommending policy relating to the remuneration for the Directors and Key Managerial Personnel.

The Committee met three times during the financial year 2014 -2015 on 11th June, 2014, 24th June, 2014 and 19th March, 2015 The attendance record of the members at the meeting were as follows;

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

**Policy for selection and appointment of directors and their remuneration**

The Nomination and Remuneration Committee has adopted a Charter which, inter alia deals with the manner of selection of Board of Directors and Managing director and their remuneration. This Policy is accordingly derived from the said Charter.

The Non Executive Directors shall be of high integrity with relevant expertise and experience as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Nomination and Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The Nomination and Remuneration Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields.
- ii. Personal, Professional or business standing
- iii. Diversity of the Board

In case of re-appointment of Non Executive directors, the Board shall take into consideration the performance evaluation of the director and his engagement level.

### **Remuneration Policy**

Managing Director/Executive Director are paid remuneration approved by the Board of Directors on the recommendation of Nomination and 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.

The Non Executive directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board Meetings.

A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board, Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

In determining the remuneration of the Senior Management Employees the Nomination and Remuneration Committee shall ensure the relationship of remuneration and performance benchmark is clear.

**Remuneration of Directors :**

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

₹ in lakhs				
Name	Service Term	Remuneration & Perquisites	Sitting Fees	Total
Mr. Suresh Jagannathan Managing Director	12.3.2011 to 11.3.2016	23.22		23.22
Mr. R. Kannan # Executive Director and Chief Financial Officer	1.7.2014 to 30.6.2019	20.88		20.88
Mr. V.N. Jayaprakasam	1.7.2013 to 30.6.2014	6.62	0.48	7.10
Mr. Sudarsan Varadaraj	—		1.16	1.16
Mr. K. Gnanasekaran	—		1.16	1.16
Mr. S. Govindan	—		1.26	1.26

# Mr.V.N.Jayaprakasam was Whole Time Director up to 30th June, 2014, remuneration and perquisites paid for the period from 1st April, 2014 to 30th June, 2014 stated above has not been considered retirement benefit.

# Mr.R.Kannan, was appointed as a Executive Director and Chief Financial Officer from 1st July, 2014.Retirement benefit has not been included the aforesaid statement. 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.

**(c) Stakeholders Relationship 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	Non 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 Stakeholders Relationship Committee were placed at the Board Meetings. During the year, no complaint was received from the shareholders. There are no pending complaints as on 31.3.2015.

During the year under review, the Committee met five times to deliberate on various matters referred above. The constitution of Stakeholders Relationship Committee also meets with the requirements under Section 178 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.

#### **4. Unclaimed shares demat suspense account**

Pursuant to clause 5A I(g) and 5A II (h) 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 31st March, 2015 are as follows;

Sl. No.	Particulars	No. of cases	No. of Equity Shares
1	Aggregate number of shareholders and the outstanding equity shares in the suspense account lying at the beginning of the year;	175	1596
2	Number of shareholders who approached the company for transfer of equity shares from suspense account during the year;	NIL	NIL
3	Number of shareholders to whom equity shares were transferred from suspense account during the year;	NIL	NIL
4	Aggregate number of shareholders and the outstanding equity shares in the suspense account lying at the end of the year.	175	1596

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

#### **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. Annual General Meetings**

Location and time for last three AGMs held and the special resolutions, if any, passed there at, are as given below:

<b>Year</b>	<b>Date of Meeting</b>	<b>Time of Meeting</b>	<b>Location</b>
2011-12	16.08.2012	10:45 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352
2012-13	16.09.2013	10:00 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352
2013-14	18.09.2014	10:15 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352

**Special Resolutions Passed, if any**

**50th Annual General Meeting** : Appointment of Mr.V.N.Jayaprakasam, Executive Director for a period of two years from 1.7.2012  
2011-12

**51st Annual General Meeting** : Nil  
2012-13

**52nd Annual General Meeting** : Appointment of Mr.S.Govindan as Independent Director from 18<sup>th</sup> September, 2014 to 31<sup>st</sup> March, 2017  
2013-14

Appointment of Mr.Sudarsan Varadaraj as an Independent Director from 18<sup>th</sup> September, 2014 to 17<sup>th</sup> September, 2019

Appointment of Mr.K.Gnanasekaran as an Independent Director from 18<sup>th</sup> September, 2014 to 17<sup>th</sup> September, 2019

Increasing borrowing powers from ₹100 crores to ₹ 150 crores u/s 180 (1) (c ) of the Companies Act, 2013

Creation of charge on company's immovable properties in favour of the Lenders u/s 180 (1) (a) of the Companies Act, 2013

Alteration of Capital Clause V of the Memorandum of Association of the Company

Alteration of articles of association of the Company

Postal Ballots

The Company during the financial year ended 31st March , 2015 has passed special resolutions through Postal Ballot effective on 21<sup>st</sup> April 2014 for sale of "KLRF Textiles Unit -II" situated at N.Subbiahpuram Village, Sattur and effective on 24<sup>th</sup> January 2015

**KLRF Limited**

for sale of KLRF Textiles Unit –I” situated at Gangaikondan, Tirunelveli and “KLRF Sheet Metal Industries” situated at Perianaickenpalayam, Coimbatore.

The details of voting pattern of aforesaid Postal Ballot(s) is as follows:

Description of Resolution	Type of Resolutions	Votes Cast in favour		Votes Cast against		Result	Date of declaration of result
		No. of votes	% age	No. of votes	% age		
Sale of KLRF Textiles Unit –II” situated at N.Subbiahpuram Village, Sattur pursuant to section 180(1)(a) of the Companies Act, 2013	Special Resolution	27,31,659	99.77	6433	0.23%	Passed with requisite majority	21.04.2014
Sale of KLRF Textiles Unit –I” situated at Gangaikondan, Tirunelveli and “KLRF Sheet Metal Industries” situated at Perianaickenpalayam, Coimbatore pursuant to section 180(1)(a) of the Companies Act, 2013	Special Resolution	26,55,466	99.90	2,709	0.10%	Passed with requisite majority	24.01.2015

The Postal Ballot was carried out as per Section 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement. Sri.M.D.Selvaraj of MDS & Associates, Company Secretary in practice was appointed as the scrutinizer for carrying the process of postal ballot in fair and transparent manner.

The Company had pursuant to Clause 35B of the Listing Agreement provided to the shareholders the option to pass the resolutions at the Annual General Meeting through postal ballot.

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing through postal ballot.



No Extra –Ordinary general meeting was held during the financial year.

**7. 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 Blower Policy**

The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee

**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.

**Disclosure of Accounting Treatment**

The Company has followed the Accounting Standards laid down by The Companies (Accounting Standards) Rules, 2006 in the preparation of its financial statements.

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.

## **8. 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, 2015. The Company's Managing Director's declaration to this effect forms a part of this report.

## **9. 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.

## **10. 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](http://www.klrf.in)

There were no specific presentations made to institutional investors or to analysts during the period ended 31<sup>st</sup> March 2015.

## **11. General Shareholder information**

### **A. Annual General Meeting**

Date	16.9.2015
Time	10.00 A.M.,
Venue	75/8, Benares Cape Road, Gangaikondan-627352

**Financial Year** : 1<sup>st</sup> April to 31<sup>st</sup> March

Financial reporting

for the quarter ending June 30, 2015 : Second week of August 2015.

for the quarter ending September 30,2015 : Second week of November 2015.

for the quarter ending December 31,2015 : Second week of February 2016.

for the quarter ending March 31, 2016 : End of May 2016.

**B. Book Closure:** 10.9.2015 to 16.9.2015 (both days inclusive)

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

**D. Listing on Stock Exchanges**

The Company's Equity Shares are listed at BSE Limited., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.

Annual listing fees for the year 2015-16 were paid to BSE Limited

**STOCK MARKET DATA**

**Type of Security: Equity**

**Trading group in stock exchange:**

BSE Limited - B Group

**Stock Code:**

Scrip ID : KLRF

Scrip Code : 507598

**ISIN number allotted for equity shares:** INE 014E01015

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.

**E. Market Price Data**

Month	BSE Limited	
	High (₹)	Low (₹)
April - 2014	23.70	20.60
May	26.70	19.50
June	29.35	25.00
July	29.00	24.30
August	30.95	25.60
September	28.30	24.55
October	27.45	22.05
November	33.05	22.05
December	36.85	26.95
January - 2015	37.40	30.00
February	36.50	28.55
March	37.00	30.20

**F. Dematerialisation of shares and liquidity as on 31<sup>st</sup> March, 2015**

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

**Extent of Dematerialisation**

Name of the Depository	No.of shares	% to total paid-up capital
National Securities Depository Limited	4134022	82.34
Central Depository Services (India) Limited	549380	10.94
Total	4683402	93.28

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 Limited., 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 Stakeholders Relationship 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 dematerialized shares held with NSDL and CDSL.

**J. Distribution of Shareholding as on 31.3.2015**

Shareholding range	No of Holders	% of share holders	No of Shares	% of share holding
1 - 500	4451	87.88	571903	11.39
501 - 1000	322	6.36	259986	5.18
1001 - 2000	151	2.99	231992	4.62
2001 - 3000	45	0.89	116335	2.31
3001 - 4000	16	0.31	56546	1.12
4001 - 5000	16	0.31	73927	1.47
5001 - 10000	32	0.63	236220	4.71
10001 and above	32	0.63	3473735	69.20
<b>Total</b>	<b>5065</b>	<b>100.00</b>	<b>5020644</b>	<b>100.00</b>

**K. Shareholding Pattern as on 31.03.2015**

Particulars	No.of shares held	Percentage of shareholding
Promoter's Holding	2546979	50.73
Directors and their Relatives	26542	0.52
Banks/FIS/Mutual Funds	805	0.02
Private Corporate Bodies	166147	3.30
Insurance Companies	250000	4.99
NRI/OCBs	11515	0.23
Indian Public	2018656	40.21
<b>Total</b>	<b>5020644</b>	<b>100.00</b>

**L. Plant location**

- Food Division : Gangaikondan, Tirunelveli 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-641028.

Phone : 0422 - 2315791, 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 : 29.05.2015

**Sudarsan Varadaraj**

Director

DIN : 00133533

**Suresh Jagannathan**

Managing Director

DIN : 00011326

**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 2014 – 2015.

By Order of the Board

Place : Coimbatore

Date : 29.05.2015

**Suresh Jagannathan**

Managing Director

DIN : 00011326

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**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 31st March, 2015, 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 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 of 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 : 29.05.2015

P. Marimuthu

Chartered Accountant

Membership No.5770

## **INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF KLRF LIMITED.

### **Report on the Financial Statements**

I have audited the accompanying financial statements of KLRF LIMITED ("the company"), which comprise the Balance Sheet as at 31 March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

I conducted my audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of



the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.

### **Opinion**

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015.
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, I give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, I report that:
  - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
  - b) 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.
  - c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to me and have been properly dealt by me in preparing this report.

- d) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and the returns received from the branches not visited by me.
- e) In my opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the other matters included in the Auditor's Report and to the best of my information and according to the explanations given to me:
  - i. The company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note: 4 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place : Coimbatore  
Date : 29.05.2015

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

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

The Annexure referred to in my report of even date to the members of KLRF LIMITED for the year ended 31st March, 2015.

On the basis of the information and explanation given to me during the course of my audit, I report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) As explained to me, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
2. (a) As explained to me, inventories have been physically verified during the year by the management at reasonable intervals.

- (b) In my opinion and according to the information and explanations given to me, 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.
- (c) In my opinion and on the basis of my examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. According to the information and explanations given to me and on the basis of my examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act. Thus sub clauses (a) & (b) of (iii) in the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
  4. In my opinion and according to the information and explanations given to me, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of my audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
  5. In my opinion and according to the information and explanations given to me company hasn't accepted any deposits, from the public during the year. The directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 have been complied with. Under Section 74 of the Companies Act, 2013 deposits accepted before the commencement of the Act were repaid in full.
  6. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 148 of the Act and I am of the opinion that prima facie the prescribed accounts and records have been made and maintained.
  7. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to me there were no outstanding statutory dues as on 31st of March, 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to me, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes. However, according to information and explanations given to me, Service tax of ₹ 9,65,536/- is under dispute before CESTAT, Chennai and 10 % of the disputed demand of ₹ 96,553/- had been deposited as pre-deposit ₹ 40,00,000/- has been deposited under protest towards pending TNVAT re-assessment proceedings for the years 2008-09 to 2013-14.

(c) In my opinion, the company has transferred the amount which is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under within time.

8. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by my audit and in the immediately preceding financial year.
9. Based on my audit procedures and on the information and explanations given by the management, I am of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
10. According to the information and explanations given to me, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
11. In my opinion Terms Loans taken were applied for the purpose for which loans were obtained
12. Based on the audit procedures performed and the information and explanations given to me, I report that no fraud on or by the Company has been noticed or reported during the year, nor have I been informed of such case by the management.

Place : Coimbatore

Date : 29.05.2015

**P. Marimuthu**

Chartered Accountant

Membership No.5770

**Balance Sheet as at 31<sup>st</sup> March, 2015**

(in ₹)

Particulars	Note No.	31.3.2015	31.3.2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share Capital	1	50206440	50206440
(b) Reserves and Surplus	2	189268265	174832149
<b>Non-current liabilities</b>			
(a) Long Term Borrowings	3	113026764	106534008
(b) Deferred tax liabilities (Net)		-	1928562
(c) Other Long Term Liabilities	4	162500	332500
<b>Current liabilities</b>			
(a) Short – term borrowings	5	333847437	432251692
(b) Trade payables		65170289	123881289
(c) Other current liabilities	6	33229689	62579752
(d) Short – term liabilities	7	84945430	62185944
TOTAL		<b>869856814</b>	<b>1014732336</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	8	244508559	278168200
(ii) Intangible assets		7787404	13294622
(iii) Capital work-in-progress		43036173	39568173
(b) Non Current Investments	9	241040	241040
(c) Deferred tax assets (net)		2530931	-
(d) Long -Term Loans and advances	10	26547540	20016308
<b>Current assets</b>			
(a) Inventories	11	379387681	406485547
(b) Trade Receivables	12	124064312	197433087
(c) Cash and Cash equivalents	13	3166368	6982995
(d) Short-term Loans and advances	14	38586806	52542364
TOTAL		<b>869856814</b>	<b>1014732336</b>

Other notes on accounts

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The accompanying notes are an integral part of these financial statements.

In accordance with my report of date attached

For and on behalf of the Board

**Sudarsan Varadaraj**

**Suresh Jagannathan**

Director

Managing Director

DIN : 00133533

DIN : 00011326

**P.Marimuthu**

Chartered Accountant

Membership No.5770

**R. Kannan**

Executive Director and

Chief Financial Officer

DIN : 00951451

**S. Piramuthu**

Company Secretary

Place : Coimbatore

Date : 29th May, 2015

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2015**

(in ₹)

Particulars	Note No.	31.3.2015	31.3.2014
<b>I. Revenue from Operations (gross)</b>	15	<b>2091357874</b>	1998998089
Less : Excise duty		<b>80798335</b>	72334393
Revenue from Operations (Net)		<b>2010559539</b>	1926663696
<b>II. Other Income</b>	16	<b>3646608</b>	2187618
<b>III. Total Revenue (I + II)</b>		<b>2014206147</b>	1928851314
<b>IV. Expenses:</b>			
Cost of material consumed	17	<b>1387118464</b>	1352149185
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	18	<b>(5644641)</b>	(2505341)
Employee benefits expense	19	<b>84549468</b>	68842227
Finance cost	20	<b>58976861</b>	40705623
Depreciation and amortization expense		<b>23489511</b>	34192561
Other expenses	21	<b>398348631</b>	362962354
Total expenses		<b>1946838294</b>	1856346609
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>67367853</b>	72504705
<b>VI. Exceptional items</b>		-	-
<b>VII. Profit/(Loss) before extraordinary items and tax (V - VI)</b>		<b>67367853</b>	72504705
<b>VIII. Extraordinary Items</b>		-	-
<b>IX. Profit/(Loss) before tax (VII- VIII)</b>		<b>67367853</b>	72504705
X Tax expense:			
(1) Current tax		<b>19464233</b>	28407918
MAT adjustment		-	-
(2) Deferred tax - Asset /(-) Liabilities		<b>4459493</b>	(97733)
<b>XI Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>52363113</b>	43999054
XII Profit/(loss) from discontinuing operations		<b>(51275592)</b>	(67090810)
XIII Tax expense of discontinuing operations		<b>16244534</b>	18760831
<b>XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)(Ref.Note No.22 (19))</b>		<b>(35031058)</b>	(48329979)
<b>XV Profit (Loss) for the period (XI + XIV)</b>		<b>17332055</b>	(4330925)
XVI Earnings per equity share:			
(1) Basic		<b>3.45</b>	(0.86)
(2) Diluted		<b>3.45</b>	(0.86)

Other notes on accounts

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The accompanying notes are an integral part of these financial statements.

In accordance with my report of date attached

For and on behalf of the Board

**Sudarsan Varadaraj**

**Suresh Jagannathan**

Director

Managing Director

DIN : 00133533

DIN : 00011326

**P.Marimuthu**

Chartered Accountant

Membership No.5770

**R. Kannan**

Executive Director and

Chief Financial Officer

**S. Piramuthu**

Company Secretary

Place : Coimbatore

Date : 29th May, 2015

DIN : 00951451

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2015

1. Share Capital	31.3.2015		31.3.2014	
	Number	₹	Number	₹
<b>Authorised</b>				
10% Cumulative Redeemable Preference shares of ₹10/- each	6000000	60000000	6000000	60000000
Equity Shares of ₹10/- each	9000000	90000000	9000000	90000000
	<u>15000000</u>	<u>150000000</u>	<u>15000000</u>	<u>150000000</u>
<b>Issued</b>				
Equity Shares of ₹10/- each	<u>5119598</u>	<u>51195980</u>	5119598	51195980
<b>Subscribed &amp; fully Paid up</b>				
Equity Shares of ₹10/- each	<u>5020644</u>	<u>50206440</u>	5020644	50206440
<b>Total</b>	<u>5020644</u>	<u>50206440</u>	<u>5020644</u>	<u>50206440</u>

98954 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 ₹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 31.3.2015

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

Name of Shareholder	31.3. 2015		31.3. 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sri.Suresh Jagannathan	1096211	21.83	1094205	21.79
Cape Flour Mills Private Limited	997935	19.88	997935	19.88

**Notes to Financial Statements (Contd.,)**

(in ₹)

<b>2. Reserves &amp; Surplus</b>	<b>31.3.2015</b>	31.3.2014
<b>a. Capital Reserves</b>		
Opening/Closing Balance	<b>2071233</b>	2071233
<b>b. Securities Premium Account</b>		
Opening/Closing Balance	<b>164215420</b>	164215420
<b>c. Revaluation Reserve</b>		
Opening Balance	<b>11233020</b>	11691343
Less : Written Back in Current Year	<b>358989</b>	458323
Closing Balance	<b>10874031</b>	11233020
<b>d. General Reserve</b>		
Opening/Closing Balance	<b>99497443</b>	99497443
<b>e. Surplus</b>		
Opening balance	<b>(102184967)</b>	(97854042)
(+) Net Profit/(Net Loss) For the current year	<b>17332055</b>	(4330925)
(-) Transfer from Reserves/ Depreciation as per new policy	<b>(2536950)</b>	
Closing Balance	<b>(87389862)</b>	(102184967)
Total	<b>189268265</b>	174832149
<b>3. Long Term Borrowings</b>		
	<b>Non Current portion</b>	<b>Current maturities</b>
	<b>31.3.2015</b>	<b>31.3.2014</b>
	<b>31.3.2015</b>	<b>31.3.2014</b>
<b>(a) Secured</b>		
Term loans from banks (Guaranteed by Managing Director for term loans)		
(i) Canara Bank	<b>7285784</b>	12142968
(ii) Indian Overseas Bank	-	6984000
(iii) Punjab National Bank	-	24899796
(iv) IDBI Bank Ltd.,	<b>55250000</b>	13333336
(v) ICICI Home Finance Company Ltd.,	<b>32755888</b>	<b>1942726</b>
(vi) TATA Capital Financial Services Ltd.,	<b>7688854</b>	<b>1538100</b>
(vii) Vehicle Loan from Canara Bank, HDFC Bank Ltd., Kotak Mahindra Prime Ltd., and ICICI Bank Ltd.,	<b>10046238</b>	1664034
<b>Total</b>	<b>113026764</b>	59024134
<b>(b) Unsecured</b>		
Deposits	-	47509874
<b>Total</b>	<b>113026764</b>	106534008
	<b>33030397</b>	31208737
	<b>33030397</b>	93370372



- (i) Rupee term loan availed from Canara Bank carries interest @ 12.70% p.a. (base rate+2.50 p.a.+1% p.a.).The loan is repayable quarterly instalment of ₹ 12.14 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.
- (ii) Rupee term loan availed from IDBI Bank Ltd., carries interest @ 14.25% 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.
- (iii) Rupee term loan availed from ICICI Home Finance Limited carries interest @ 12.25 % pa.,(HFLR 17.75% - 5.50%). The loan is repayable on 120 monthly instalments of ₹ 5.07 lakhs. The loan matures in January, 2025. The loan is secured by exclusive charge on the land and buildings of the Company's properties situated at Chamiers Road, Chennai.
- (iv) Rupee term loan availed from TATA Capital Financial Services Ltd., carries interest @ 13 % pa., (LTLR 18.25% - 5.25%). The loan is repayable on 60 monthly instalments. The loan matures in November, 2019. The loan is secured by exclusive charge on the specified foundry machineries.
- (v) Vehicle loan availed from Canara Bank, HDFC Bank Ltd., Kotak Mahindra Prime Ltd., and ICICI Bank. The loan is repayable on monthly basis. The loans are secured by vehicle.

(in ₹)

**4. Other Long Term Liabilities****31.3.2015**

31.3.2014

Security deposits from dealers

**162500**

332500

Total

**162500**

332500

**Notes to Financial Statements (Contd.,)**

(in ₹)

	31.3.2015	31.3.2014
<b>5. Short Term Borrowings</b>		
<b>a) Secured</b>		
Loans (Guaranteed by Managing Director for working capital loan)		
Open Loan and Packing Credit Loan from Canara Bank	170119128	282598962
Open Loan and Packing Credit Loan from HDFC Bank Ltd	108263309	-
Open Loan from Indian Overseas Bank	-	108443993
Total	<b>278382437</b>	<b>391042955</b>
<b>b) Unsecured</b>		
Deposits (ref. note no. 3)	-	31208737
Loans from Directors	11915000	10000000
Inter Corporate Loan	43550000	-
Total	<b>55465000</b>	<b>41208737</b>
Total (a) + (b)	<b>333847437</b>	<b>432251692</b>
<p>1. Working capital loans from Canara Bank carries an interest rate @ 13.70% (base rate+2.50%+1%) and secured by pari-passu first charge on all the current assets and pari-passu second charge on flour mill and sheet metal division immovable assets except those which are having exclusive charge.</p> <p>2. Working capital loans from HDFC Bank Ltd., carries an interest rate @ 12.25 % (base rate+2.50%) and secured by pari-passu first charge on all the current assets and pari-passu second charge on flour mill and sheet metal division immovable assets except those which are having exclusive charge.</p>		
<b>6. Other Current Liabilities</b>		
a) Current maturities of long-term debt	33030397	62161635
b) Unclaimed dividends	199292	418117
Total	<b>33229689</b>	<b>62579752</b>
<b>7. Short Term Liabilities</b>		
Provision for Bonus	1875245	2500289
Outstanding expenses	31881452	36502146
Statutory dues payable	7019677	12044429
Advance from customers	40949357	1491993
Income tax provision	3219699	9647087
Total	<b>84945430</b>	<b>62185944</b>

**Notes to Financial Statements (contd.,)**

(in ₹)

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1.4.2014	Additions/ Transfer	Disposals/ Transfer	Balance as at 1.4.2014	Depreciation charge for the year	On disposals	Charged to retained earnings	Balance as at 31.3.2015	Balance as at 31.3.2014
<b>a. Tangible Assets (Not Under Lease).</b>									
Land	15558579	-	-	-	-	-	-	15558579	15558579
Buildings	111971050	-	185528	48161277	1441347	185528	357077	62011349	63809772
Plant and Equipment	824238197	19083244	200169358	646532217	16312109	157213650	893621	136627786	177705977
Furniture and Fixtures	4260579	347166	1307253	2875608	161621	900210	24923	1138550	1384971
Vehicles	14779199	15171029	3765242	6768007	2316768	1894572	70121	18924662	8011194
Office equipment	18053925	1808851	882221	12708470	1295558	980662	1085140	4872049	5345452
Electrical Equipment	16819913	715346	4355964	14391498	1034440	4175965	106071	1823251	2428417
Mould & Pattern	8626716	-	-	4702878	371505	0	-	3552333	3923838
<b>Total (a)</b>	1014308158	37125636	210665566	840768228	22933348	165350587	2536953	244508559	278168200
<b>b. Intangible Assets</b>									
Computer software & dedicated feeder line	15039228	2624242	-	17663470	8131460	-	-	7787404	13294622
<b>Total (b)</b>	15039228	2624242	-	17663470	8131460	-	-	7787404	13294622
<b>c. Capital Work In Progress</b>	39568173	3468000	-	43036173	-	-	-	43036173	39568173
<b>Total (c)</b>	39568173	3468000	-	43036173	-	-	-	43036173	39568173
<b>Total (a+b+c)</b>	1068915559	43217878	210665566	901467871	31064808	165350587	2536953	295332136	331030995
Total depreciation for the year									31064808
Less : Transferred to revaluation reserve									358989
Less : Discontinued operations depreciation/amortisation exps									7216308
Depreciation charged in Statement of Profit and Loss A/c									<b>23489511</b>

Notes to Financial Statements (contd.,)

		(in ₹)	
		31.3.2015	31.3.2014
<b>9. Non Current Investments</b>			
<b>Trade Investments</b>			
Investment in Equity Instruments		241040	241040
<b>Total</b>		<b>241040</b>	<b>241040</b>

Particulars	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. of Shares/ Unit		Quoted/ unquoted	Partly Paid/ Fully Paid	Extent of Holding (%)		(in ₹)		Basis of Valuation
		2015	2014			2015	2014	2015	2014	
1	2	3	4	5	6	7	8	9	10	11
Investment in Equity Instruments Cape Power Private Limited	—	1800	1800	Unquoted	Fully paid	18%	18%	18000	18000	Cost
Suryadev Alloys and Power Private Limited	—	1640	1640	Unquoted	Fully paid	—	—	223040	223040	Cost
<b>Total</b>								<b>241040</b>	<b>241040</b>	

**Notes to Financial Statements (Contd.,)**

(in ₹)

	31.3.2015	31.3.2014
<b>10. Long Term Loans and Advances</b>		
<b>Security Deposits</b>		
Unsecured, considered good	<b>26547540</b>	20016308
Total	<b>26547540</b>	20016308
<b>11. Inventories (Valued at lower of cost and net realizable value)</b>		
Raw Materials and components	<b>283022103</b>	275375622
Work-in-progress	<b>2941741</b>	23464720
Finished goods	<b>76112889</b>	88586529
Stores and spares	<b>10085431</b>	11068375
Impurities, Runner and Riser	<b>2214557</b>	3372616
Gunnies	<b>5010960</b>	4617685
Total	<b>379387681</b>	406485547
<b>12. Trade Receivables</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	<b>123898656</b>	197247145
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	<b>165656</b>	185942
Total	<b>124064312</b>	197433087
<b>13. Cash and cash equivalents</b>		
a. Balances with bank – current account	<b>2394780</b>	160933
b. Cash on hand	<b>572296</b>	1373824
c. Earmarked Balances		
Unpaid dividend deposit account	<b>199292</b>	418117
Bank deposits with more than 12 months maturity	-	5030121
Total	<b>3166368</b>	6982995
<b>14. Short-term loans and advances</b>		
Unsecured, considered good		
Interest Receivables	<b>12020</b>	713004
Advance for purchases	<b>3159623</b>	2702075
Prepaid expenses	<b>6911622</b>	6486102
Receivables	<b>3741649</b>	8597516
Other advances	<b>3258878</b>	7475457
Taxes paid	<b>21503014</b>	23594306
MAT credit entitlement	-	2973904
Total	<b>38586806</b>	52542364

**Notes to Financial Statements (Contd..)**

(in ₹)

<b>15. Revenue from operations</b>	<b>31.3.2015</b>	31.3.2014	
(a) Sale of products			
Wheat, wheat products and impurities	<b>1298234717</b>	1279827945	
Sheet metal components	<b>59718188</b>	57913669	
Castings	<b>674508557</b>	600874702	
(b) Sale of services – fabrication charges	<b>2479144</b>	3419392	
(c) Other operating revenues – sale of scrap and gunnies	<b>9431126</b>	7770559	
(d) Power Generation	<b>46986142</b>	49191822	
Sale of products and services (Gross) – Total	<b>2091357874</b>	1998998089	
Less : Excise duty	<b>80798335</b>	72334393	
Total	<b>2010559539</b>	1926663696	
<b>16. Other Income</b>			
Dividend Income	<b>4500</b>	4500	
Interest Income	<b>1564614</b>	1590499	
Net gain / (Loss) on sale of fixed assets	<b>1458579</b>	(319158)	
Other non-operating income – Miscellaneous Income	<b>618915</b>	911777	
Total	<b>3646608</b>	2187618	
<b>17. Cost of material consumed</b>			
Wheat	<b>1088795101</b>	1094984727	
Iron Materials	<b>298323363</b>	257164458	
Total	<b>1387118464</b>	1352149185	
<b>18. Changes in Inventories of finished goods and work in progress</b>	<b>31.3.2015</b>	31.3.2014	<b>(Increase)/ Decrease</b>
<b>Inventory at the end of the year</b>			
Work in Progress			
Iron Materials and Sheet Metal Components	<b>2941741</b>	2511307	(430434)
Finished Goods			
Wheat products	<b>31067400</b>	29958210	(1109190)
Castings & Sheet Metal Components	<b>30585943</b>	26480926	(4105017)
Total	<b>64595084</b>	58950443	(5644641)
<b>Inventory at the beginning of the year</b>			
Work in Progress			
Iron Materials and Sheet Metal Components	<b>2511307</b>	6078158	3566851
Finished Goods			
Wheat products	<b>29958210</b>	24560979	(5397231)
Castings & Sheet Metal Components	<b>26480926</b>	25805965	(674961)
Total	<b>58950443</b>	56445102	(2505341)

**Notes to Financial Statements (Contd.,)**

**19. Employees Benefit Expenses**

(in ₹)

	<b>31.3.2015</b>	31.3.2014
Directors remuneration and fees	<b>4346877</b>	4342149
Salaries, Wages and Bonus	<b>64517123</b>	55900392
Contribution to PF and other Funds	<b>5972919</b>	5097571
Employees' Welfare	<b>4942926</b>	3167115
Gratuity	<b>4769623</b>	335000
<b>Total</b>	<b>84549468</b>	68842227

**20. Finance Cost**

Interest expense - Banks and Institutions	<b>40178754</b>	36518841
Interest expense - Fixed deposits and others	<b>15979911</b>	3435804
Other borrowing costs	<b>2818196</b>	750978
<b>Total</b>	<b>58976861</b>	40705623

**21. Other Expenses**

Fabrication Charges	<b>90096118</b>	78019504
Power and Fuel	<b>126739222</b>	115246818
Stores, Spares and Packing Materials	<b>98406218</b>	86628545
Repairs to Machineries	<b>22170780</b>	23608911
Factory Maintenance and Buildings Repairs	<b>7933127</b>	9569941
Commission and Discount	<b>2752379</b>	2601790
Freight	<b>16415490</b>	16813170
Insurance	<b>1454965</b>	1365656
Auditor's Fees and Expenses	<b>1235656</b>	1120543
Rent and Office Maintenance	<b>4484147</b>	2964182
Rates and Taxes	<b>2696910</b>	4778633
Advertisement and Sales Promotion Expenses	<b>1622868</b>	1487663
Donation	<b>5200</b>	34200
Miscellaneous Expenses	<b>491311</b>	11000
Water Charges and Maintenance	<b>77489</b>	52777
Printing and Stationery	<b>1065841</b>	801964
Postage, Telegram and Telephones	<b>1428755</b>	1115586
Subscription and Periodicals	<b>303281</b>	223090
Vehicle Maintenance	<b>2168570</b>	1310330
Travelling	<b>7341244</b>	5676521
Filing Fees	<b>18191</b>	8400
Legal Expenses and Professional Charges	<b>6758633</b>	7764018
Enlisting Fees	<b>97349</b>	25290
Furniture and Other Repairs	<b>92842</b>	65076
Lighting	<b>65507</b>	133842
Data Processing	<b>1111832</b>	790084
Bank Commission	<b>335486</b>	313515
Bad debts written off	<b>979220</b>	431305
<b>TOTAL</b>	<b>398348631</b>	362962354

## **Notes to Financial Statements (Contd.,)**

### **22. NOTES ON ACCOUNTS**

#### **1 Summary of significant accounting policies and other explanatory informations**

##### **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 based on the useful life as specified in Schedule II of the Companies Act, 2013 under straight line method

In accordance with Part A of Schedule II of the Companies Act, 2013 the company has reassessed the remaining useful life of the assets with effect from 1st April, 2014.

In respect of the assets that have completed the useful life as on 1st April, 2014 the net residual value of ₹ 25.37 lakhs (net of deferred tax) has been adjusted to the opening balance of the retained earnings.

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.



**Notes on Accounts (Contd.,)**

**f EMPLOYEES BENEFITS**

(l) 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 administered by LIC of India. Contributions to Provident Fund, ESI and Family Pension Fund being fixed contributions are absorbed in the accounts.

**g INCOME TAX**

**i) Current Tax**

Current tax has been provided as per the Income Tax Act, 1961

**ii) Deferred Tax**

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

	<b>31.3.2015</b>	31.3.2014
2 Number of employees who are in receipt or entitled to receive emoluments amounting in aggregate ₹ 5,00,000/- or more per month	<b>Nil</b>	Nil
<b>3 Contingent Liabilities</b>		
Claims, Excise and Customs Duty, Taxes and other matter-not acknowledged by the Company		
a) Guarantees by Banks	<b>Nil</b>	Nil
b) Claims against the company not acknowledged as debts	<b>223000</b>	2223758
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.		
Income Tax appeal for the assessment year 2007 - 2008 is pending with Commissioner Appeal.		
Service tax appeal with CESTAT is pending.		

(in ₹)

<b>Sl.No.</b>	<b>Particulars</b>	<b>31.3.2015</b>	31.3.2014
5	<b>Expenditure in foreign currency :</b>		
	a) Foreign travel	<b>3105195</b>	1881246
	b) Others	-	-

**Notes on Accounts (Contd.,)**

(in ₹)

Sl.No.	Particulars	31.3.2015	31.3.2014
<b>6</b>	<b>Value of imports on c.i.f. basis</b>		
	a) Raw Material	<b>9788578</b>	5645735
	b) Spares	-	-
	c) Machinery	-	-
<b>7</b>	<b>Earnings in foreign exchange :</b>		
	a) Export of goods on f.o.b. basis	<b>1163307</b>	9992771
	b) Commission Received	<b>Nil</b>	Nil
	<b>31.3.2015</b>	<b>31.3.2014</b>	
<b>8</b>	Raw material consumed	<b>Value</b>	<b>%</b>
	Wheat		
	Indigenous	<b>1079006523</b>	<b>77.79</b>
	Imported	<b>9788578</b>	<b>0.70</b>
	Iron Materials	-	-
	Indigenous	<b>298323363</b>	<b>21.51</b>
	Imported	-	-
	Total	<b>1387118464</b>	<b>100.00</b>
		1352149185	100.00
<b>9</b>	<b>Audit fees and expenses :</b>	<b>31.3.2015</b>	31.3.2014
	Statutory Audit Fees	<b>465000</b>	419000
	Statutory Cost Audit Fees	<b>40000</b>	107000
	Fees for other services and expenses	<b>345317</b>	397951
	Internal Audit Fees	<b>433000</b>	390000
	Branch Audit Fee	<b>463000</b>	417000
	Total	<b>1746317</b>	1730951
<b>10</b>	<b>Licensed and installed capacity :</b>		
	Flour Mill Division Installed M.T	<b>74000</b>	74000
	Foundry Installed M.T	<b>10800</b>	9600
<b>11</b>	Actual production meant for sale :		
	a) Wheat Milled M.T	<b>56292</b>	55923
	Products obtained M.T	<b>55638</b>	55264
	b) Cotton		
	Consumed Kgs.	<b>1094714</b>	4210064
	Products obtained Kgs.	<b>815800</b>	3241630
	c) Iron material		
	Consumed M.T	<b>9064</b>	7858
	Products obtained M.T	<b>8614</b>	7805

**Notes on Accounts (Contd.)**

(in ₹)

Sl.No.	Particulars	31.3.2015	31.3.2014
12	Opening and closing stock of finished goods :		
	a) Wheat Products		
	Opening Stock M.T	992	893
	Closing Stock M.T	991	992
	b) Cotton yarn		
	Opening Stock Kgs.	203939	225726
	Closing Stock Kgs.	115037	203939
	c) Iron materials		
	Foundry Returns		
	Opening Stock M.T	73	96
	Closing Stock M.T	81	73
	Finished goods		
	Opening Stock M.T	331	298
	Closing Stock M.T	370	331
13	Earning per share		
	Profit after taxes	17332055	(4330925)
	Fully paid shares of ₹ 10/- each	5020644	5020644
	Earning per share	3.45	(0.86)

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 31st March, 2015.

**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.

Sl. No	Name of the party	Relationship	Nature of Transaction	(in ₹)
1	The Lakshmi Textile Suppliers	Director interested concern	Purchase of electrical goods	1507541
2	Ellargi & Co.,	Director interested concern	Purchase of fuel	NIL
3	Cape Flour Mills P Ltd.,	Director interested concern	Purchase of power Service - Trade mark permission	NIL 180000
4	Cape Power Private Ltd.,	Director interested concern	Purchase of power	3629365
5	Mckinnon India P Ltd.,	Director interested concern	Purchase of scrap Sale of sheet metal components and castings	292447 8192546
6	Super Springs P Ltd.,	Director interested concern	Purchase of scrap Sale of sheet metal components	15589 1803945
7	Prokop Eltex Inida P Ltd.,	Director interested concern	Purchase of flour mill machineries and sale of sheet metal components	128930 535230

**17 Segment Reporting**

(₹ in lakhs )

Sl. No.	Information about primary, Segments - Business Segments	Food Division	Textile Division	Engineering Division	Total
1	Revenue	13032.47	2088.17	7073.13	22193.77
2	Segment Results - Operating Profit	885.09	(303.29)	378.35	960.15
	Less : Finance Cost	197.74	209.46	392.03	799.23
	Add : Other unallocable income net of un allocable expenditure	-	-	-	-
	Net Profit before Tax	687.35	(512.75 )	(13.68)	160.92
3	Capital Employed (Segment Assets - Segment Liabilities)	3820.00	956.90	3032.88	7809.79
	Unallocable corporate assets less corporate liabilities	-	-	-	888.78
	Total Capital Employed	-	-	-	8698.57

**Notes on Accounts (Contd.,)**

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

₹ in lakhs

	<b>As at 31.3.2015</b>	<b>As at 31.3.2014</b>
Defined Benefit Plans : Gratuity		
A) Changes in present value of obligations		
Present value of benefit obligations at the beginning of the year	<b>100.05</b>	114.82
Interest cost	<b>8.00</b>	9.18
Current service cost	<b>3.36</b>	3.46
Benefits paid	<b>(83.87)</b>	(9.94)
Actuarial (gain) / loss on benefit obligation	<b>102.66</b>	(17.47)
Present value of benefit obligations at the end of the year	<b>130.20</b>	100.05
B) Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	<b>129.14</b>	123.21
Expected return on plan assets	<b>8.63</b>	10.87
Contributions	<b>9.15</b>	5.00
Actuarial gain / loss on plan assets	<b>-</b>	-
Benefits paid	<b>(83.87)</b>	(9.94)
Fair value of plan assets at the end of the year	<b>63.05</b>	129.14
C) Actuarial gain / loss recognised		
Actuarial gain / loss for the year - obligation	<b>(102.66)</b>	(17.47)
Actuarial gain / loss for the year - plan assets	<b>-</b>	-
Total gain / loss recognised in the financial Year	<b>(102.66)</b>	(17.47)
D) Expenses recognised in statement of profit and loss		
Interest cost on benefit obligations	<b>8.00</b>	9.18
Service cost on benefit obligations	<b>3.36</b>	3.46
Expected return on plan assets	<b>(8.63)</b>	(10.87)
Net gain / loss recognised in the statement of profit and loss	<b>102.66</b>	17.47
Expenses recognised in statement of profit and loss	<b>105.39</b>	19.24
E) Liabilities recognised in the balance sheet		
Present value of benefit obligations at the end of the financial year	<b>130.20</b>	100.05
Fair value of plan assets	<b>63.05</b>	129.14
Funded status	<b>(67.15)</b>	29.09
Net assets/ liabilities recognised in balance sheet	<b>(67.15)</b>	29.09
F) Actuarial Assumptions		
Discount rate	<b>8.00%</b>	8.00%
Expected return on plan assets	<b>9.15%</b>	9.15%
Salary increase	<b>6.00%</b>	6.50%

## Notes on Accounts (Contd.,)

### 19 Discontinuing operation

#### AS 24 20(a to d)

On 12th November, 2014, the Board of Directors announced a plan for closure of the Textile Division which represents a separate business segment as per Segment Reporting. The disposal is consistent with the Company's long-term strategy to focus its activities.

**AS 24 20(e) The carrying amounts of the assets and liabilities of textile division to be disposed off/ settled are as follows;**

Particulars	₹ in lakhs	
	31.3.2015	31.3.2014
Total Assets	<b>956.90</b>	2487.10
Total Liabilities	<b>667.17</b>	2597.53
Net Assets	<b>289.74</b>	(110.43)

**AS 24 20 (i) The following statement shows the break-up of aggregate amounts in respect of revenue and expenses as reported in the Statement of Profit and Loss between continuing and discontinuing operations.**

Particulars	₹ in lakhs					
	Discontinuing operations		Continuing operations		Total	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014	31.3.2015	31.3.2014
Revenue	<b>2231.49</b>	6007.09	<b>20142.06</b>	19288.51	<b>22373.55</b>	25295.60
Expenses other than impairment loss employee termination benefits and finance costs	<b>2358.13</b>	5959.28	<b>18033.12</b>	17467.99	<b>20391.25</b>	23427.27
Impairment loss	-	-	-	-	-	-
Employee cost including termination benefits	<b>176.65</b>	379.24	<b>845.49</b>	688.42	<b>1022.15</b>	1067.66
Finance Cost	<b>209.46</b>	339.48	<b>589.77</b>	407.06	<b>799.23</b>	746.53
Profit (loss) before exceptional item and tax	<b>(512.75)</b>	(670.91)	<b>673.68</b>	725.05	<b>160.92</b>	54.14
Exceptional Item	-	-	-	-	-	-
Profit (loss) before tax	<b>(512.75)</b>	(670.91)	<b>673.68</b>	725.05	<b>160.92</b>	54.14
Income tax expense	<b>162.44</b>	187.61	<b>150.05</b>	285.06	<b>12.40</b>	(97.45)
Profit (loss) after tax	<b>(350.31)</b>	(483.30)	<b>523.63</b>	439.99	<b>173.32</b>	(43.31)

**AS 24 20(h) The net cash flows attributable to the textile division are as follows;**

**₹ in lakhs**

Particulars	<b>31.3.2015</b>	31.3.2014
Net cash inflow/(out flow) from operating activities	<b>(4.71)</b>	(109.59)
Net cash inflow / (out flow) from investing activities	<b>566.24</b>	(89.44)
Net cash inflow/ (outflow) from financing activities	<b>(1523.46)</b>	(172.26)
Net cash inflows/(outflows) for the year attributable to the textile division	<b>(961.93)</b>	(371.29)

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

The accompanying notes are an integral part of financial statements.

**P.Marimuthu**

Chartered Accountant  
Membership No.5770

Place : Coimbatore

Date : 29th May, 2015

**Sudarsan Varadaraj**

Director

DIN : 00133533

**R. Kannan**

Executive Director and  
Chief Financial Officer

DIN : 00951451

For and on behalf of the Board

**Suresh Jagannathan**

Managing Director

DIN : 00011326

**S. Piramuthu**

Company Secretary

**KLRF Limited****Cash Flow Statement for the year ended 31st March, 2015**₹ in lakhs  
31.3.2015  
31.3.2014**a CASH FLOW FROM OPERATING ACTIVITIES**NET PROFIT BEFORE TAX AND  
EXTRAORDINARY ITEMS

160.92

54.14

Adjustments for

Depreciation

307.06

541.28

Investments

(156.76)

0.74

Dividend

(0.05)

(0.05)

Finance Cost (net)

799.23

746.53

949.48

1288.50

OPERATING PROFIT BEFORE WORKING

CAPITAL CHANGES

1110.40

1342.64

Adjustments for

Trade and other receivables

873.24

(671.81)

Inventories

270.98

(958.21)

Trade Payables and other liabilities

(653.02)

491.22

619.10

(1010.92)

Cash generated from operations

1601.62

331.72

Less : Finance cost

799.23

746.53

Less : Direct Taxes

(12.40)

97.45

843.98

Cash flow before extraordinary items

814.79

(512.26)

Extraordinary Items

Net cash from operating activities

814.79

(512.26)

**b CASH FLOW FROM INVESTING ACTIVITIES**

Purchase of Fixed Assets

(428.59)

(260.24)

Sale of Fixed Assets

561.70

37.55

Purchase/sale of Investment (Net)

-

(2.41)

Deferred Revenue Expenditure

-

-

Dividend Received

0.05

0.05

(225.05)

Net cash used in investing activities

133.16

(225.05)

**c CASH FLOW FROM FINANCING ACTIVITIES**

Short term borrowings

(984.05)

1269.32

Long term borrowings

63.23

(563.05)

Long term loans and advances

(65.31)

37.92

Dividend paid

-

-

Tax on dividend

-

-

(986.13)

744.19

Net increase in cash and cash  
equivalents (a+b+c)

(38.18)

6.88

Cash and cash equivalents at  
the beginning of the year

69.84

62.96

Cash and cash equivalents at the  
close of the year

31.66

69.84

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

Place : Coimbatore

Date : 29th May, 2015

**Sudarsan Varadaraj**

Director

DIN : 00133533

**R. Kannan**Executive Director and  
Chief Financial Officer

DIN : 00951451

For and on behalf of the Board

**Suresh Jagannathan**

Managing Director

DIN : 00011326

**S. Piramuthu**

Company Secretary









To

## **KLRF Limited**

Registered Office 75/8, Benares Cape Road  
Gangaikondan – 627352

Telephone : 0462-2486532 Fax : 0462-2486132

E-mail : [ho@klrf.in](mailto:ho@klrf.in) Website : [www.klrf.in](http://www.klrf.in)

CIN : L15314TN1961PLC004674

# ***KLRF Limited***

CIN : L15314TN1961PLC004674

Registered Office 75/8, Benares Cape Road, Gangaikondan - 627352

Telephone : 0462-2486532, Fax : 0462-2486132

E-mail : ho@klrf.in Website : www.klrf.in

## **FORM NO. MGT - 11**

### **PROXY FORM**

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

Name & Address of  
the member(s):

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

- 1) Name : .....  
Address:.....  
Email ID:..... Signature ..... or failing him/her
- 2) Name : .....  
Address:.....  
Email ID:..... Signature ..... or failing him/her
- 3) Name : .....  
Address:.....  
Email ID:..... Signature .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 53<sup>rd</sup> Annual General Meeting of the company, to be held on Wednesday, the 16<sup>th</sup> September, 2015 at 10.00 a.m. at the Registered Office of the Company, at 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli District and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

P.T.O.

 ~~Cut here~~

### **Electronic Voting Particulars**

If desirous of E-voting, please read the instructions given in the AGM Notice before exercising

EVSN (Electronic Voting Sequence Number)	* Default PAN / Sequence No
<b>150805001</b>	

\* Those who have not registered their PAN may use Default PAN

 ~~Cut here~~

## ***KLRF Limited***

CIN : L15314TN1961PLC004674

Registered Office 75/8, Benares Cape Road, Gangaikondan - 627352

Telephone : 0462-2486532, Fax : 0462-2486132

E-mail : ho@klrf.in Website : www.klrf.in

Folio No. / Demat ID :  
Name of the Member :  
Name of the Proxy :

No. of  
shares held :

### **ATTENDANCE SLIP**

#### **Attendance by**

- Member  
 Proxy  
 Authorised  
 Representative

Please ✓ the  
appropriate box

I hereby record my presence at 53<sup>rd</sup> Annual General Meeting being held on Wednesday, 16<sup>th</sup> September, 2015 the Registered Office of the Company, at 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli District

\* Strike out whichever is not applicable

Signature of Member / Proxy\*

Resolution Number	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
<b>Ordinary Business</b>				
1	Approval of Financial Statements for the year ended 31 <sup>st</sup> March, 2015, the Report of the Board of Directors and the Report of the Auditors thereon.			
2	Appointment of Director in the place of Sri R Kannan, (DIN 00951451) who retires by rotation and being eligible, offers himself for re-appointment			
3	Appointment of Auditor and to fix his remuneration			
<b>Special Business</b>				
4	Appointment of M/s. Haribhakti & Co. Chartered Accountants (Registration No. 103523W) as Branch Auditors for Engineering Division of the Company.			
5	Ratification of remuneration to Mr. M. Kannan (Membership No. 9167) as Cost Auditor as Cost Auditors for Engineering Division of the Company.			
6	Appointment of Mrs. Kalyani Balasubramanian (DIN : 02371318) as an Independent Director of the Company			
7	Re appointment of Mr. Suresh Jagannathan (DIN : 00011326) as Managing Director of the Company			

Signed this ..... day of ..... 2015

Signature of shareholder : .....

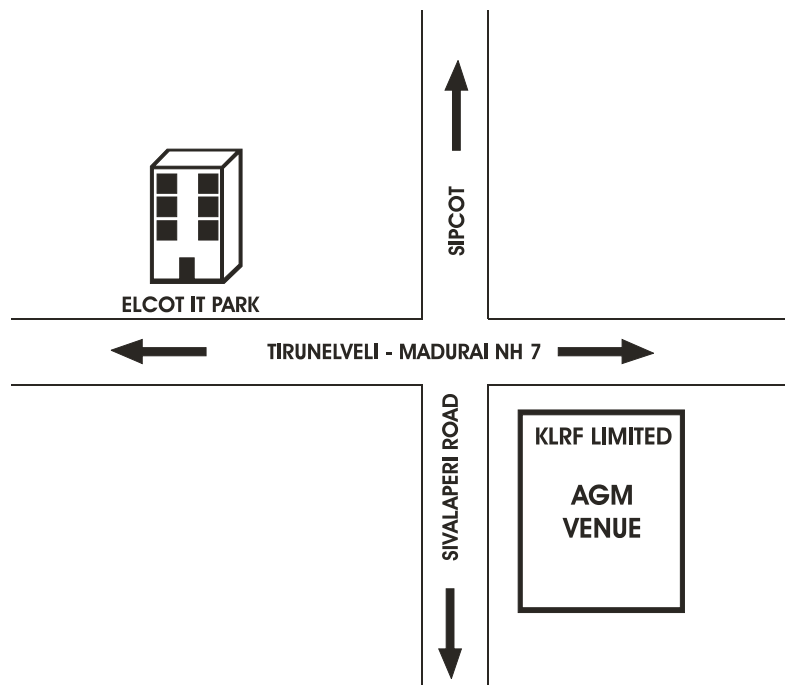
Signature of Proxy holder (s) : .....



**Note :**





1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem applicable.

**AGM VENUE ROUTE MAP**



Map not to Scale

FORM A

1	Name of the Company	KLRF LIMITED
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not applicable
5	Signed by	
	Managing Director	 Suresh Jagannathan
	Executive Director and Chief Financial Officer	 R. Karunan
	Auditor of the company	 P. Marimuthu Statutory Auditor of the Company 
	Audit Committee Chairman	 Sudarsan Varadaraj