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# ***KLRF Limited***

CIN : L15314TN1961PLC004674

Board of Directors

**Sudarsan Varadaraj**

**V.N.Jayaprakasam**

**K.Gnanasekaran**

**Kalyani Balasubramanian**

**Rajagopal Gopinath**

**Suresh Jagannathan**

Managing Director

**R. Kannan**

Executive Director and Chief Financial Officer

**S. Piramuthu**

Company Secretary

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

Auditor

M/s Haribhakti & Co LLP  
Chartered Accountants, Coimbatore

Branch Auditors

Secretarial Auditor

**M.D. Selvaraj**  
MDS & Associates  
Company Secretary in Practice  
Coimbatore

Bankers

Canara Bank  
HDFC Bank Ltd  
IDBI Bank Ltd

Registered Office

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

Administrative Office

1054/21, Avanashi 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 Fifth Annual General Meeting of the Company will be held on Friday, the 15<sup>th</sup> September, 2017 at 9.30 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, 2017 including audited Balance Sheet as at 31<sup>st</sup> March, 2017, 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 declare dividend for the year ended 31<sup>st</sup> March, 2017.
3. To appoint a director in the place of Mr.R.Kannan (DIN 00951451) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution

RESOLVED THAT pursuant to Section 139, 142(1) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s), clarification(s) or re enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Audit Committee, M/s. Arun & Co., Chartered Accountant (Firm Registration No. 014464S), be and are hereby appointed as the Statutory Auditors of the Company in place of Mr.P.Marimuthu, Chartered Accountant (Membership Number 5770), the retiring Statutory Auditor of the Company, to hold office for a term of 5 (five) years from the conclusion of this Annual General Meeting upto the conclusion of the 60<sup>th</sup> (sixtieth) Annual General Meeting of the Company, subject to ratification of such appointment by the Members at every Annual General Meeting, if so required under the Act, on a remuneration as may be fixed by the Board of Directors of the Company.

**SPECIAL BUSINESS**

5. **To consider and if thought fit, to pass, 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 2017 - 18 on a remuneration of ₹ 6,39,000/- (Rupees six lakhs thirty

nine thousands only) excluding applicable taxes and out of pocket expenses incurred in connection with the audit.

**6. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution.**

“RESOLVED THAT pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014, as amended from time to time, Mr.P.Mohankumar, (Membership Number 18692), 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 2017-2018 on a remuneration of ₹ 65,000/- (Rupees sixty five thousand only) be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

**7. To consider and if thought fit, to pass, 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, Mr.Rajagopal Gopinath (DIN: 00096122) who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 25<sup>th</sup> January, 2017 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 25<sup>th</sup> January 2017”.

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

**Item No.5**

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 every annual general meeting for the respective financial year to audit the accounts of the Coimbatore branches of your Company.

The proposed resolution set out in Item No.5 of the Notice seeks the authorization of the members to appoint Branch Auditor for the financial year 2017-2018.

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.6**

The Board, on the recommendation of the Audit committee, has approved the appointment and remuneration of Mr.P.Mohankumar, Cost Accountant, as cost Auditor to conduct the audit of the cost records of the engineering division of the Company for the financial year 2017 – 2018. 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 is sought for passing Ordinary Resolution as set out at Item No.6 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year 2017-2018.

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.7**

The Board of Directors of the Company at the meeting held on 25<sup>th</sup> January 2017, based on the recommendation of the Nomination & Remuneration Committee, appointed Mr.Rajagopal Gopinath as an Additional Director of the Company with effect from that date. In terms of the provisions of Section 161 of the Act, Mr.Rajagopal Gopinath holds office till the date of ensuing Annual General Meeting and is eligible for appointment. Notice under the provisions of the Section 160 of the Act along with the deposit of requisite amount has been received from a member signifying its intention to propose the candidature of Mr.Rajagopal Gopinath as Director of the Company

Mr.Rajagopal Gopinath is a Non-Executive Independent Director of the company. The qualification and expertise of Mr.Rajagopal Gopinath 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 Mr.Rajagopal Gopinath being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a period of five years with effect from 25<sup>th</sup> January 2017.

Mr.Rajagopal Gopinath has given his consent and necessary declarations to the Board of Directors that he 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, Mr.Rajagopal Gopinath is not disqualified under Section 164 of the Companies Act, 2013.

Copy of the draft letter for appointment of Mr.Rajagopal Gopinath 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 his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.Rajagopal Gopinath as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr.Rajagopal Gopinath as an Independent Director, for the approval of the shareholders of the Company.

Except Mr.Rajagopal Gopinath, 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.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee recommends the Ordinary Resolution as set out in Item No.7 for the approval of the Members.

**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/herself and the proxy need not be a member of the Company.**

**The instrument appointing the proxy should be deposited at the registered office of the Company, duly completed and signed, 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 in numbers 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. In terms of provisions of Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules 2014, the term of the existing Statutory Auditors Mr.P.Marimuthu, Chartered Accountant (Membership Number 5770), is upto the date of the forthcoming AGM. In order to comply with the provisions of Section 139 of the Companies Act, 2013, Board of Directors of the Company on the recommendation of the Audit Committee, at their meeting held on 31<sup>st</sup> May 2017, subject to the approval

of the Members of the Company at the forthcoming AGM, appointed M/s. Arun & Co., Chartered Accountants (Firm Registration No. 014464S), as Statutory Auditors of the Company to hold office for a term of 5 (five) years from the conclusion of forthcoming AGM upto the conclusion of the 60<sup>th</sup> (sixtieth) AGM of the Company, subject to ratification of such appointment by the Members at every AGM, if so required under the Act. As required under Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, M/s. Arun & Co., have confirmed and issued a certificate that their appointment, if made as aforesaid, will be in accordance with the limits specified under the Act and they meet the criteria for appointment as specified under Section 141 of the Act.

5. Details under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 and clause 1.2.5 of Secretarial Standard (SS-2) in respect of the Director's seeking appointment/re-appointment at the Annual General Meeting are furnished and forms a part of the notice.
6. The register of members and share transfer books of the Company will remain closed from 9<sup>th</sup> September 2017 to 15<sup>th</sup> September 2017 (both days inclusive).
7. The dividend proposed to be declared at the meeting, will be made payable on or before 13<sup>th</sup> October, 2017 to those members whose names appear on register of Members of the company at the closure of business hours on 8<sup>th</sup> September, 2017.
8. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Share Transfer Agents, M/s. Link Intime India Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company or its Registrar and Share Transfer Agents.
9. 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.
10. 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.



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. Pursuant to the provisions of Section 72 of the Companies Act, 2013, Members may file nomination forms in respect of their physical shareholdings. Any member willing to avail this facility may submit to the Company's Registrar & Share Transfer Agent in the prescribed statutory form. Should any assistance be desired, members should get in touch with the Company's Registrar & Share Transfer Agent.
15. Electronic copy of the Annual Report for 31<sup>st</sup> March 2017, the Notice of the 55<sup>th</sup> 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 Participant(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. The notice of the 55<sup>th</sup> Annual General Meeting and the Annual Report 2016-17 will be available on the Company's website [www.klrf.in](http://www.klrf.in).
16. Members are requested to register / update their e-mail address in respect of shares held in dematerialized form with their respective depository participants and in respect of shares held in physical form with M/s. Link Intime India Pvt. Ltd.
17. Members are requested to note that the venue of the 55<sup>th</sup> Annual General Meeting at 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli and the route map containing the complete particulars of the venue is attached to this notice.
18. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
19. Members are requested to forward their share transfer deed(s) and other communications directly to the Registrar and Share Transfer Agent of the company M/s. Link Intime India Private Limited.

20. 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 Regulation 44(1) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 the Company is pleased to provide its members the facility to exercise their right to vote at the 55th Annual General Meeting by electronic means and the business may be transacted through remote 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.

**The instructions for shareholders voting electronically are as under**

- (i) The voting period begins on 12.9.2017 at 9.00 A.M. and ends on 14.9.2017 at 5.00 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 8<sup>th</sup> September, 2017, 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 a 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 login 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) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) 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.
- (xx) 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)

## ***KLRF Limited***

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 8<sup>th</sup> September, 2017.

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

The Scrutinizer shall immediately after the conclusion of the Annual General Meeting first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Annual General Meeting.

The Results shall be declared within 48 hours from the conclusion of the Annual General Meeting. The results declared along with the consolidated Scrutinizer's Report shall be placed on the Company's website [www.klrf.in](http://www.klrf.in) and on the website of CDSL and communicated to the Stock Exchange where the company's shares are listed.

### **21. Details of Director seeking appointment/re-appointment in the 55<sup>th</sup> Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard for General Meetings (SS-2) is as mentioned below:**

Name	Mr.R.Kannan
Directors Identification Number (DIN)	DIN 00951451
Age and date of Birth	61 Years, 04-06-1956
Nationality	Indian
Date of first appointment on the Board	1-7-2014
Relationship with other Directors, Manager and KMP	Not related to any Director, Manager or KMP
Qualification	B.Com.,
Experience / Area of Expertise	35 years of experience in finance and accounts
Shareholding in KLRF Limited	1,450 shares
Terms of appointment or reappointment	Appointed as Executive Director and CFO and liable to retire by rotation
Remuneration sought to be paid	As per AGM resolution dated 18.09.2014
Remuneration last drawn	₹ 32,88,000/- per annum
No.of Board Meetings attended	5
List of Directorship held in other Companies	Nil
Membership / Chairmanship of the committees of the board	He is a Member of Corporate Social Responsibility Committee of the Company

***KLRF Limited***

Name	Mr.Rajagopal Gopinath
Directors Identification Number (DIN)	DIN 00096122
Age and date of Birth	52 Years, 18-12-1964
Nationality	Indian
Date of first appointment on the Board	25-1-2017
Relationship with other Directors, Manager and KMP	Not related to any Director, Manager or KMP
Qualification	M.B.A.
Expertise in Specific Area	Marketig and General Management
Shareholding in KLRF Limited	Nil
Terms of appointment or reappointment	Not liable to retire by rotation
Remuneration sought to be paid	Sitting fees only
No.of Meetings attended	1
List of Directorship held in other Companies	Gama Industries Coimbatore Limited Spit Fire Motor Sports Private Limited Spit Fire Automative Performance Private Limited Ootacamund Gymkhana Club
Membership / Chairmanship of the Committees of the Board	Chairman in Stakeholders Relationship Committee of the Company Member of Audit Committee of the Company Member of Nomination and Remuneration Committee of the Company

Place : Coimbatore

Date : 31.05.2017

By Order of the Board

**Suresh Jagannathan**

Managing Director

DIN : 00011326

**DIRECTOR'S REPORT****Dear Shareholders,**

The Directors present their Fifty Fifth Annual Report together with the audited statement of accounts for the year ended 31<sup>st</sup> March, 2017.

	(₹ in Lakhs)	
<b>FINANCIAL RESULTS</b>	<b>31.3.2017</b>	31.3.2016
Total Turnover (Net)	21830.29	20690.17
Profit before financial charges and depreciation	1349.66	1810.78
Less: Financial charges	585.20	637.20
Profit before depreciation	<u>764.46</u>	<u>1173.58</u>
Less : Depreciation	263.24	251.56
Profit before tax	<u>501.22</u>	<u>922.02</u>
Add/ Less Provision for tax - Current	181.89	187.99
- MAT credit entitlement	(44.56)	44.56
- Deferred tax liabilities	<u>4.84</u>	<u>190.87</u>
Net Profit after tax carried to balance sheet	<u>359.05</u>	<u>587.72</u>

**REVIEW OF BUSINESS OPERATIONS**

During the year ended 31<sup>st</sup> March 2017, the Company has recorded a total turnover of ₹ 21830 lakhs as against ₹ 20690 lakhs achieved during the previous year. The Profit before Interest, Depreciation, Taxes and Amortization (PBIDTA) amounted to ₹ 1350 lakhs as against ₹ 1811 lakhs in the previous year. The profit after tax amounted to ₹ 359.05 lakhs as against ₹ 587.72 lakhs in the previous year.

There was no change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March 2017.

The performance of each business segment of the Company has been comprehensively discussed in the Management Discussion and Analysis Report (forming part of this Directors' Report)

**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, which form an integral part of this Report are annexed to this report. The Company has complied with the conditions relating to Corporate Governance as stipulated in terms of SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015. 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, 2017 was ₹ 5,02,06,440/-. During the year under review, the Company has not made any fresh issue of any shares.

### **TRANSFER TO RESERVES**

The Company has not transferred any amount to its General Reserves. However, an amount of ₹ 359.05 lakhs is carried forward in the Profit & Loss Account.

### **DIVIDEND**

Your directors are pleased to recommend a dividend of ₹ 1/- per share (10%) of face value of ₹ 10/- each for the financial year ended 31<sup>st</sup> March 2017. The dividend subject to the approval of the members at the 55<sup>th</sup> Annual General Meeting convened on 15<sup>th</sup> September 2017 will be paid on or before 13<sup>th</sup> October, 2017 to those members whose names appears in the Register of Members at the closure of business hours as on 8<sup>th</sup> September, 2017.

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

There is no amount required to be transferred to Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

### **EXTRACT OF ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure-B and is attached to this Report.

### **BOARD AND COMMITTEE MEETINGS**

Details of the composition of the Board and its Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, CSR Committee and of the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report which forms a part of this Report.

### **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;

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed.



- b) The Directors have selected such accounting policies and applied them consistently and made judgements 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.
- c) 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.
- d) The Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2017 on a going concern basis.
- e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) 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 OF 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 read with Schedules and Rules issued thereunder and Regulation 25 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

#### **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 furnished in the Company's website at [www.klrf.in](http://www.klrf.in) abstract of which is furnished as "Annexure - D" and forms part of this report.

#### **STATUTORY AUDITORS**

Mr.P.Marimuthu, Chartered Accountants, the existing Statutory Auditor of the Company will be completing his term as Statutory Auditors on conclusion of 55<sup>th</sup> Annual General Meeting convened on 15<sup>th</sup> September, 2017. The Board place on record their appreciation for services rendered by Mr.P.Marimuthu, Chartered Accountant as Statutory Auditor of the Company. The Company is required to rotate the Statutory Auditors on completion of their term as per provisions of the Companies Act, 2013. Accordingly in terms of provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Audit Committee has recommended and the Board of Directors have proposed the appointment of M/s.Arun & Co., (having Firm Registration Number 014464S)

Chartered Accountant, as Statutory Auditors of the Company for a period of five consecutive years from the conclusion of 55<sup>th</sup> Annual General Meeting till the conclusion of 60<sup>th</sup> Annual General Meeting, subject to ratification of the appointment by the Members at every AGM, if so required under the Act. held after this AGM for approval of the Members.

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**

The Board of Directors at its meeting held on 31<sup>st</sup> May, 2017, based on the recommendation of the audit committee appointed Mr.P.Mohankumar, Cost Accountant as Cost Auditor to audit the cost accounts of the Company for the financial year 2017 - 2018.

As required under the provisions of Section 148 of the Companies Act, 2013, necessary resolutions seeking member's ratification for the remuneration payable to Mr.P.Mohankumar, is included in the Notice convening the Fifty Fifth Annual General Meeting.

Cost audit report for the year ended 31<sup>st</sup> March 2017 will be filed on or before the due date.

### **SECRETARIAL AUDITOR**

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 Secretary in Practice, Coimbatore to conduct the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure-A"

### **COMMENTS ON AUDITORS REPORT**

There are no qualifications, reservations or adverse remarks or disclaimers made by the Auditors/ Secretarial Auditor in their/ his report. There were no instances of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to Section 143(12) of the Companies Act, 2013.

### **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. Details of investments made in the prior years are given in the notes 9 of the financial statement.

### **RELATED PARTY TRANSACTIONS**

All transactions entered into during the financial year 31<sup>st</sup> March, 2017 with related parties as defined under the Companies Act and SEBI (Listing Obligations and Disclosures

Requirements) Regulations, 2015 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 Other Notes on Accounts 22 (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 and can be accessed at company's website [www.klrf.in](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 Board had formed a Corporate Social Responsibility Committee comprising of Mr.Suresh Jagannathan, Mr.Sudarsan Varadaraj, Mr.K.Gnanasekaran and Mr.R. Kannan.

The composition and terms of reference of the CSR Committee are provided in the Corporate Governance Report forming part of this Annual Report. The Company has also formulated a CSR Policy which is available on the website of the Company viz. [www.klrf.in](http://www.klrf.in)

The disclosure as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure -E and forms an integral part of this Annual Report

### **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 criteria like structure, governance, dynamics and functioning 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, effectiveness of Committee meetings, quality of relationship of the Committee and the management etc. 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**

Mr.S. Govindan, Non-executive Independent Director of the Company retired on 31<sup>st</sup> March 2017, as per the terms of his appointment as Independent Director. Your Directors wish to place on record their sincere appreciation for the valuable contribution made by Mr. S. Govindan during his tenure as Director of the Company.

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

Mr. Rajagopal Gopinath was appointed as an additional director at the board meeting held on 25<sup>th</sup> January, 2017, and pursuant to provisions of section 161 of the Act he holds office till the date of ensuing annual general meeting and is eligible for appointment. A resolution in this behalf is set out at the notice of the annual general meeting for his appointment as an Independent Director of the company for a term of five years, for member's approval.

A brief resume, details of expertise and other Directorships/ Committee memberships held by the above Directors, form part of the Notice convening the 55th AGM of the Company.

### **KEY MANAGERIAL PERSONNEL**

Key Managerial Personnel of the Company as required pursuant to Section 203 of the Companies Act, 2013 are Mr.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. Rajagopal Gopinath, 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.

The details of the number of meetings held and attendance of Directors at such meetings are provided in the Corporate Governance Report, which forms part of the Annual Report

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

### **A. CONSERVATION OF ENERGY**

#### **(i) The steps taken or impact on conservation of energy**

Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.

#### **(ii) The steps taken by the Company for utilizing alternate source of energy**

The Company has installed 7.00 M.W. wind energy for captive consumption.

#### **(iii) The capital investment on energy conservation equipments.**

As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.

### **B. TECHNOLOGY ABSORPTION**

i) 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.

#### **ii) EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT**

No specific expenditure of recurring or capital nature is involved in research and development directly.

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

During the year under review, your Company has earned foreign exchange of ₹ 13.39 lakhs and out flow of ₹ 41.20 lakhs.

### **SUBSIDIARY COMPANIES**

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

### **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. Hence there are no unclaimed or unpaid deposits as on 31st March, 2017.

**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 section 197(12) and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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 ₹ 1,02,00,000/- if employed throughout the year or ₹ 8,50,000/- 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.

**ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has implemented and evaluated the Internal Financial Controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records. The Internal Audit Reports were reviewed by the Audit Committee. Further, the Audit Committee annually reviews the effectiveness of the Company’s internal control system. The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate and effective with respect to the operations of the Company. A report of Auditor’s pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditor’s report.

**LISTING**

Equity shares of the Company continued to be listed on BSE Limited.

**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 2016 - 2017.

**ACKNOWLEDGEMENTS**

Your directors acknowledge with gratitude, the co-operation and assistance from its bankers. 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 : 31.05.2017

**Sudarsan Varadaraj**

Director

DIN : 00133533

**Suresh Jagannathan**

Managing Director

DIN : 00011326

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY STRUCTURE , DEVELOPMENTS AND FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

#### **Results**

The turnover of the Company for the year is ₹ 21830 lakhs as against ₹ 20690 lakhs last year.

The Company earned an EBIDTA ₹ 1350 lakhs

The Food division earned an EBIDTA of ₹ 935 lakhs on milling of 60929 Metric tons of wheat accounting for 68% of the turnover of the Company.

Engineering Division has earned an EBIDTA of ₹ 457 lakhs.

#### **Capital Investment**

Company has made a total capital investment of ₹ 612 lakhs. These investments will result in increase in production, cost reduction and improvement in quality.

### **OPPORTUNITIES, CHALLENGES, RISKS & CONCERNS**

#### **Food Division**

Wheat production this year is estimated to be 96 million tons, a little more than last year. Wheat import also is permitted at favourable import duty. Thus the flour milling industry is assured of adequate raw material.

The demand for bakery and restaurant segment is expected to increase at about 5% annually. The demand for whole wheat atta for domestic use is expected to grow at 12% per annum. To meet this increasing demand in both segments, your company is planning to modernize the milling plant, thereby both increasing the milling capacity and improving the quality. Whole wheat flour milling capacity also is planned to be increased.

#### **Engineering Division**

Good monsoon last year and anticipated good monsoons this year are expected to result in highest ever food grain production resulting in increased demand for agri equipment and implements. Improved rural economy will find increasing demand in automobile section. The governments dedication to Make in India programme and investment in infrastructure projects are also a favourable indication. Thus the engineering division can look forward to a very favourable year economically.

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

Segment-wise and product-wise results are stated separately under segment reporting

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

Inflation currently is the lowest in the last five years and not likely to increase much, provides room for lower interest rate. Implementation of GST provides a fair and level



playing field for all states. Stable oil prices will help in reducing current deficit. Industrial growth is expected to pickup in the later part of this year and first quarter of 2018 helping to attain higher GDP of 7.2%.

### **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.

### **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 stone's for the success of any organization. The Company is giving direct employment to 223 employees.

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

### **CAUTIONARY STATEMENT**

Management Discussion and Analysis forming part of the Directors Report is in compliance with Corporate Governance Standards incorporated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchange 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.

By Order of the Board

Place : Coimbatore

**Sudarsan Varadaraj**

**Suresh Jagannathan**

Director

Managing Director

Date : 31.05.2017

DIN : 00133533

DIN : 00011326

**Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017**

(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 31<sup>st</sup> March, 2017, 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, 2017 according to the provisions of:

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

- a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;
- d) 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;

The following laws, as identified by the management, are specifically applicable to the industry to which the Company belongs;

- a) Food Safety and Standard Act , 2006 and its Rules/Regulations made thereon;
- b) Legal Metrology Act, 2009 and its Rules made thereon;
- c) Standards, Weights and Measures Act, 1976 and its Rules made thereon;
- d) The Prevention of Food Adulteration Act, 1954.

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI);
- b) The Listing Agreement entered into by the Company with BSE Limited ;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, and Standards etc., mentioned above.

I further report that, during the year under review, there were no actions/ events in pursuance of the following Rules/Regulations requiring compliance thereof by the Company:

- a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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 (Share Based Employee Benefits) Regulations, 2014;
- 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;

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of

Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable to the Company.

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 has been subject to review by statutory financial auditor 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, Independent Directors and a Woman Director. 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 all applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of:

- Public / Rights / Preferential issue of shares / debentures / sweat equity
- Redemption / buy-back of securities
- Major decision taken by the members in pursuant to section 180 of the Companies Act, 2013
- Merger / amalgamation / reconstruction etc
- Foreign technical collaborations

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

Place : Coimbatore

Date : 20.05.2017

*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 the 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.

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

Place : Coimbatore  
Date : 20.05.2017

**FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31.03.2017**

(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	16 <sup>th</sup> December, 1961
iii) Name of the Company	<b>KLRF LIMITED</b>
iv) Category / Sub-Category of the Company	Company Limited by Shares / Non Government Company
v) Address of the Registered office and contact details	75/8, Benares Cape Road Gangaikondan-627352, Tirunelveli District, Tamil Nadu, India Phone : +91 462 2486532 Fax : +91 462 2486132 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> "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028, Tamil Nadu, India Telephone : +91 422 2314792, 2315792 Telefax : +91 422 2314792 E-mail : <a href="mailto:coimbatore@linkintime.co.in">coimbatore@linkintime.co.in</a>

**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	68.06%
2.	Iron and Steel Castings	24319	28.82%

**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					

**KLRF Limited**

**IV. SHARE HOLDING PATTERN (equity share capital breakup as percentage of total equity)**

**i) Category - wise shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-April-2016)				No. of Shares held at the end of the year (As on 31-March-2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A Promoters</b>									
<b>1. Indian</b>									
a Individual/HUF	14,71,056	-	14,71,056	29.30	14,71,056	-	14,71,056	29.30	-
b Central Govt									
c State Govt									
d Bodies Corp.	10,75,923	-	10,75,923	21.43	10,75,923	-	10,75,923	21.43	-
e Banks / FI									
f Any other									
<b>SubTotal (A)(1)</b>	<b>25,46,979</b>	<b>-</b>	<b>25,46,979</b>	<b>50.73</b>	<b>25,46,979</b>	<b>-</b>	<b>25,46,979</b>	<b>50.73</b>	<b>-</b>
<b>2 Foreign</b>									
a NRIs - Individuals									
b. Other Individuals									
c Bodies Corp.									
d Banks/ FI									
e Any Other									
<b>SubTotal(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	2,50,000	-	2,50,000	4.98	2,50,000	-	2,50,000	4.98	-
g FII									
h Foreign Venture Capital Funds									
Others (specify)									
<b>SubTotal(B)(1)</b>	<b>2,50,000</b>	<b>805</b>	<b>2,50,805</b>	<b>4.99</b>	<b>2,50,000</b>	<b>805</b>	<b>2,50,805</b>	<b>4.99</b>	<b>-</b>

**IV. SHARE HOLDING PATTERN (equity share capital breakup as percentage of total equity)**

**i) Category-wise shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-April-2016)				No. of Shares held at the end of the year (As on 31-March-2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non Institutions</b>									
a Bodies Corp	78,644	5,451	84,095	1.69	1,75,666	5,451	1,81,117	3.61	1.92
i Indian									
ii Overseas									
b Individual									
Individual shareholders holding nominal share capital upto ₹ 1 lakh	11,13,096	2,07,809	13,20,905	26.31	11,46,227	2,04,195	13,50,422	26.90	0.59
ii Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	5,38,441	1,03,375	6,41,816	12.78	4,19,246	1,03,375	5,22,621	10.41	(2.37)
c Others (specify)									
Unclaimed shares, Trust, Clearing members & Market Makers	30,657	-	30,657	0.61	14,223	-	14,223	0.28	(0.33)
NRI - Repat	15,338	-	15,338	0.30	6,654	-	6,654	0.13	(0.17)
NRI - Non Repat									
HUF	1,02,307	1,200	1,03,507	2.06	1,20,083	1,200	1,21,283	2.42	0.36
Directors and their relatives	11,792	14,750	26,542	0.53	11,790	14,750	26,540	0.53	-
<b>Sub-total (B) (2)</b>	<b>18,90,275</b>	<b>3,32,585</b>	<b>22,22,860</b>	<b>44.28</b>	<b>18,93,889</b>	<b>3,28,971</b>	<b>22,22,860</b>	<b>44.28</b>	<b>-</b>
<b>Total Public B= (B)(1)+(B)(2)</b>	<b>21,40,275</b>	<b>3,33,390</b>	<b>24,73,665</b>	<b>49.27</b>	<b>21,43,889</b>	<b>3,29,776</b>	<b>24,73,665</b>	<b>49.27</b>	<b>-</b>
C Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>	<b>46,87,254</b>	<b>3,33,390</b>	<b>50,20,644</b>	<b>100</b>	<b>46,90,868</b>	<b>3,29,776</b>	<b>50,20,644</b>	<b>100</b>	<b>6</b>



**KLRF Limited****ii) Shareholding of Promoter**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in shareholding during the year
1.	Mr. Suresh Jagannathan (Individual and HUF)	10,96,211	21.83	—	10,96,211	21.83	—	—
2.	Mr. V.Jagannathan (Individual and jointly with) Mr. Suresh Jagannathan and Mrs.J.Chandranthi	3,18,320	6.34	—	3,18,320	6.34	—	—
3.	Mr. Sharath Jagannathan	56,525	1.13	—	56,525	1.13	—	—
4.	M/s. Cape Flour Mills Private Limited	9,97,935	19.88	—	9,97,935	19.88	—	—
5.	M/s. Chempaka General Finance P Ltd	6,488	0.13	—	6,488	0.13	—	—
6.	M/s. Mckinnon India Private Limited	71,500	1.42	—	71,500	1.42	—	—
	<b>Total</b>	<b>25,46,979</b>	<b>50.73</b>	<b>—</b>	<b>25,46,979</b>	<b>50.73</b>	<b>—</b>	<b>—</b>

**iii) Change in Promoters' Shareholding**

Sl. No.	Shareholder's Name	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
No Change					

**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	Mr. K. Mohan	3,16,266	6.30	3,16,266	6.30
	Transfer 04/11/2016	(6,716)	0.13	3,09,550	6.17
	Transfer 11/11/2016	(3,552)	0.08	3,05,998	6.09
	Transfer 27/01/2017	(12,109)	0.24	2,93,889	5.85
	Transfer 17/02/2017	(6,201)	0.12	2,87,688	5.73
	Transfer 31/03/2017	(5,102)	0.10	2,82,586	5.63
	At the end of the year			2,82,586	5.63
2	M/s United India Insurance Company Limited	2,50,000	4.98	2,50,000	4.98
3	M/s Jaisukh Vinimoy Pvt.Ltd **	-	-	-	-
	Transfer 17/03/2017	55,722	1.11	55,722	1.11
	At the end of the year			55,722	1.11
4	M/s Steel City Securities Limited **	50	-	50	-
	Transfer 22/07/2016	310		360	-
	Transfer 05/08/2016	(210)		150	-
	Transfer 02/09/2016	(100)		50	-
	Transfer 20/01/2017	13,810	0.28	13,860	0.28
	Transfer 27/01/2017	8,535	0.17	22,395	0.45
	Transfer 03/02/2017	11,540	0.22	33,935	0.67
	Transfer 10/02/2017	26,214	0.53	60,149	1.20
	Transfer 17/02/2017	16,405	0.32	76,554	1.52
	Transfer 24/02/2017	5,961	0.12	82,515	1.64
	Transfer 03/03/2017	2,306	0.04	84,821	1.68
	Transfer 10/03/2017	1,137	0.03	85,958	1.71
	Transfer 17/03/2017	(55,128)	1.10	30,830	0.61
	Transfer 24/03/2017	4,220	0.09	35,050	0.70
	Transfer 31/03/2017	7,209	0.14	42,259	0.84
	At the end of the year			42,259	0.84
5	Mr. S. Sudhakar	25,050	0.49	25,050	0.49
6	Mrs. S. Sumitha	24,225	0.48	24,225	0.48
7	Mr. N.V. Srinivasan	22,600	0.45	22,600	0.45

**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
8	Mr.Sanjay Javarthanavelu	21,600	0.43	21600	0.43
9	Mr. Kailashben Ashokkumar Patel **	-	-	-	-
	Transfer 05/08/2016	5,000	0.01	5,000	0.01
	Transfer 12/08/2016	3,556	0.16	8,556	0.17
	Transfer 19/08/2016	1,363	0.02	9,919	0.19
	Transfer 26/08/2016	81	-	10,000	0.19
	Transfer 04/11/2016	15,000	0.31	25,000	0.50
	Transfer 13/01/2017	(2,000)	0.04	23,000	0.46
	Transfer 20/01/2017	(3,000)	0.06	20,000	0.40
	Transfer 03/02/2017	1,000	-	21,000	0.40
	At the end of the year	-	-	21,000	0.40
10	Mr. Piyush Ishverlal Gandhi	20,100	0.40	20,100	0.40
11	Mr. Kanungo Mahesh Nagaraj ##	23,984	0.47	23,984	0.47
	Transfer 28/10/2016	(10,000)	0.19	13,984	0.28
	Transfer 20/01/2017	(2,500)	0.05	11,484	0.23
	At the end of the year	-	-	11,484	0.23
12	Mr. Pramod Patwari ##	71,681	1.43	71,681	1.43
	Transfer 24/06/2016	770	0.01	72,451	1.44
	Transfer 09/09/2016	(21,230)	0.42	51,221	1.02
	Transfer 07/10/2016	(2,001)	0.04	49,220	0.98
	Transfer 14/10/2016	(2,000)	0.04	47,220	0.94
	Transfer 21/10/2016	(8,000)	0.16	39,220	0.78
	Transfer 28/10/2016	(36,348)	0.72	2,872	0.06
	Transfer 04/11/2016	(2,872)	-	-	-
	At the end of the year	-	-	-	-
13	Mr. M. Senthamarai ##	27,303	0.54	27,303	0.54
	Transfer 08/04/2016	(1,000)	0.02	26,303	0.52
	Transfer 22/04/2016	1,600	0.03	27,903	0.55
	Transfer 29/04/2016	(676)	0.01	27,227	0.54
	Transfer 06/05/2016	2	-	27,229	0.54
	Transfer 03/06/2016	5	-	27,234	0.54
	Transfer 17/06/2016	(12,100)	0.24	15,134	0.30
	Transfer 24/06/2016	(12,116)	0.24	3,018	0.06
	Transfer 01/07/2016	(3,108)	-	-	-
	At the end of the year	-	-	-	-

**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
14	Mrs. Minu Patwari ##	21,112	0.42	21,112	0.42
	Transfer 22/04/2016	(2,101)	0.04	19,011	0.38
	Transfer 20/05/2016	169	-	19,180	0.38
	Transfer 27/05/2016	286	-	19,466	0.38
	Transfer 03/06/2016	3,260	0.07	22,726	0.45
	Transfer 10/06/2016	117	0.14	22,843	0.59
	Transfer 17/06/2016	6,923	0.07	29,766	0.66
	Transfer 24/06/2016	3,753	0.01	33,519	0.66
	Transfer 30/06/2016	335	-	33,854	0.66
	Transfer 12/08/2016	(1,338)	0.02	32,516	0.64
	Transfer 26/08/2016	(5,226)	0.10	27,290	0.54
	Transfer 02/09/2016	(4,382)	0.09	22,908	0.45
	Transfer 09/09/2016	(6,420)	0.13	16,488	0.32
	Transfer 23/09/2016	(1,478)	0.02	15,010	0.30
	Transfer 30/09/2016	(11,000)	0.22	4,010	0.08
	Transfer 07/10/2016	(4,010)	-	-	-
	At the end of the year	-	-	-	-

\*\* Not in the list of top 10 shareholders as on 31.03.2016. The same has been reflected above since the shareholder was one of the top 10 shareholders as on 31.03.2017

## Ceased to be in the list of top 10 shareholders as on 31.03.2017. The same is reflected above since the shareholder was one of the top 10 shareholders as on 31.03.2016

**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	10,96,211	21.83	10,96,211	21.83
2	Mr.R.Kannan - Executive Director and Chief Financial Officer	1,450	0.02	1,450	0.02
3	Mr.Sudarsan Varadaraj-Independent Director	—	—	—	—
4	Mr.V.N.Jayaprakasam-Director Non Independent	7,117	0.14	7,117	0.14
5	Mr.K.Gnanasekaran-Independent Director	—	—	—	—
6	Mr.S.Govindan-Independent Director	225	—	225	—
7	Mrs.Kalyani Balasubramanian-Independent Director	—	—	—	—
8	Mr. Rajagopal Gopinath-Independent Director	—	—	—	—
9	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	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01.04.2016</b>				
i) Principal Amount	3,996.80	547.90	—	4,544.70
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3,996.80</b>	<b>547.90</b>	<b>—</b>	<b>4,544.70</b>
<b>Change in Indebtedness during the financial year</b>				
● Addition	1,909.07	10.00	—	-
● Reduction	(267.19)	(116.00)	—	-
<b>Net Change</b>	<b>1,641.88</b>	<b>(106.00)</b>	<b>—</b>	<b>1,535.88</b>
<b>Indebtedness at the end of the financial year 31.03.2017</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>5,638.68</b>	<b>441.90</b>	<b>—</b>	<b>6,080.58</b>

**KLRF Limited****VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managerial Director, Whole- Time Directors and/ or Manager :****(in ₹)**

	Particulars of remuneration	Name of the MD / WTD Manager		
		Mr. Suresh Jagannathan Managing Director	Mr. R. Kannan Executive Director and Chief Financial Officer	Total
1	Gross salary per annum			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	42,00,000	32,88,000	74,88,000
	(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, Please Specify	-	-	-
	Total (A)	42,00,000	32,88,000	74,88,000
	Ceiling as per the Act	₹ 42.00 Lakhs	₹ 42.00 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. K Gnana-sekaran	Mr. S.Govindan	Mrs.Kalyani Balasubramanian	Mr.Raja gopal Gopinath	
1	Independent Directors · Fee for attending board/committee meetings · Commission · Others, please specify	98,000 - -	- - -	98,000 - -	1,04,000 - -	10,000 - -	10,000 - -	3,20,000 - =
	Total (1)	98,000	-	98,000	1,04,000	10,000	10,000	3,20,000
2	Other Non-Executive Directors · Fee for attending board/committee meetings · Commission · Others, please specify	- - -	50,000 - -	- - -	- - -	- - -	- - -	50,000 - -
	Total (2)	-	50,000	-	-	-	-	50,000
	Total (B)=(1+2)	98,000	50,000	98,000	1,04,000	10,000	10,000	3,70,000
	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 (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	10,32,513	10,32,513
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit others, specif	- - -	- - -
5	Others, please specify	-	-
	Total	10,32,513	10,32,513

**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**

- i. 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	Mr.Suresh Jagannathan-Managing Director	19.20 :1
2	Mr.R. Kannan, Executive Director and Chief Financial Officer	15.03 :1

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

- ii. 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	Mr.Suresh Jagannathan-Managing Director	57.56 %*
2	Mr.R. Kannan, Executive Director and Chief Financial Officer	9.60 %
3	Mr.S. Piramuthu, Company Secretary	15.18 %

(\*) Reappointed as Managing Director for a period of five years from 11.3.2016 with a remuneration of ₹ 3.50 lakhs per month.



- iii. The percentage increase in the median remuneration of employees in the financial year is 9 %
- iv. Number of permanent employees on the rolls of the Company – 223
- v. 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 exceptional circumstances, if any, for increase in the managerial remuneration.  
The average percentile increase granted to employees other than managerial personnel is 13% The increase granted to managerial personnel is 12.05%
- vi. We affirm that the remuneration paid to Directors, and Key Managerial Personnel are as per the remuneration policy of the Company.
- vii. Particulars of employees : Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 - NIL  
By Order of the Board

Place : Coimbatore  
Date : 31.05.2017

**Sudarsan Varadaraj**  
Director  
DIN : 00133533

**Suresh Jagannathan**  
Managing Director  
DIN : 00011326

**ANNEXURE - D1**

### **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.

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014)**

- 1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Through KLRF Limited long standing commitment to service the society, KLRF will strive to attain leadership in business through a socially and environmentally responsible way, while taking care of the interests of the stakeholders.

We work with the primary objective of contributing to the sustainable development of the society and creating a greener and cleaner environment. The main objective of KLRF's CSR policy is to lay down the guidelines for community centric activities taken up by KLRF for the sustainable development of the society and the environment around us. In alignment with vision of the company, KLRF, through its CSR initiatives, will strive to enhance value to the society and the environment through continuous initiatives. KLRF will directly or indirectly take up projects in and around its operational locations in purview of the laid out guidelines.

Web Link to the CSR Policy is [www.klrf.in/Policy-CSR.pdf](http://www.klrf.in/Policy-CSR.pdf)

- 2. The composition of the CSR Committee**

CSR committee has Mr. Suresh Jagannathan, Mr. Sudarsan Varadaraj, Mr. K. Gnanasekaran and Mr. R. Kannan as its members.

- 3. Average net profit of the company for last three financial years**

₹ 1,50,25,496/-

- 4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above)**

₹ 3,00,510/-

- 5. Details of CSR spent during the financial:**

a) Total amount to be spent for the financial year

₹ 3,50,000/-

b) Amount unspent,

NIL

**KLRF Limited**

c) Manner in which the amount spent during the financial year is detailed below;  
in ₹

S. No.	CSR project or activity identified	Sector in which the project is covered	District and State where projects or programs were undertaken	Amount outlay (budget) project or programs wise.	Amount spent on the projects or programs Sub-heads:	Cumulative Expenditure upto the reporting Period.	Amount spent Direct or through implementing Agency.
1	Promoting Health Care	Health Care	Coimbatore Tamil Nadu	3,50,000	3,50,000	3,50,000	implementing Agency. Coimbatore Cancer Foundation GKNM Hospital PN Palayam Coimbatore-641037

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in the Board Report

Not Applicable

7. Responsibility statement of the CSR Committee:

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

By Order of the Board

Place : Coimbatore

Date : 31.05.2017

**Sudarsan Varadaraj**

Director

DIN : 00133533

**Suresh Jagannathan**

Managing Director

DIN : 00011326

**REPORT ON CORPORATE GOVERNANCE**

In compliance with Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

**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 Directors. The Company has a woman director. There are four Independent directors who bring independent judgement in the board's deliberations and decisions.

The composition of the directors and their attendance at the board meetings during the year and at the last Annual General Meeting and also the number of the other directorships are as follows;

Name of 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	3	Nil	2
Mr.Sudarsan Varadaraj	Non Executive - Independent	5	1	1
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
Mr.Rajagopal Gopinath \$	Non Executive - Independent	2	Nil	Nil

\* Exclude directorship in private companies and foreign companies.

@ Audit Committee and Stakeholders Relationship Committee are considered.

\$ Appointed as an additional director (Independent Non-Executive) with effect from 25<sup>th</sup> January, 2017

# Mr. S. Govindan Retired as Director of the Company on 31<sup>st</sup> March, 2017

As per the disclosures received from the Directors, none of the Directors serve as member of more than 10 committees nor are they the Chairman / Chairperson of more than 5 committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors are related among themselves

The Board met five times during the financial year on 30<sup>th</sup> May, 2016, 28<sup>th</sup> July, 2016, 27<sup>th</sup> October, 2016, 25<sup>th</sup> January, 2017 and 1<sup>st</sup> February, 2017 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	5	5	Yes
Mr. Sudarsan Varadaraj	5	5	Yes
Mr. V.N.Jayaprakasam	5	4	Yes
Mr. K.Gnanasekaran	5	5	No
Mr. S. Govindan	5	5	Yes
Mr. R. Kannan	5	5	Yes
Mrs. Kalyani Balasubramanian	5	1	No
Mr. Rajagopal Gopinath \$	1	1	NA

\$ Appointed as an additional director with effect from 25<sup>th</sup> January, 2017

#### **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	7,117	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**

Company familiarizes its Independent Directors of 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 programmes as well as other initiatives to update the Directors on a continuing basis.

The familiarization programmes for Independent Directors are disclosed on the Company's website at [www.klrf.in](http://www.klrf.in)

### **Independent Directors' Meeting**

Pursuant to the provisions of the Companies Act, 2013 a meeting of Independent Directors was held on 25<sup>th</sup> January, 2017, to discuss:

- a. 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 reasonable perform its duties. Performance evaluation of Non-executive & Independent Directors.

### **Evaluation of Board's Performance**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees. The Nomination and Remuneration Committee have defined the evaluation criteria for the Board, its Committees and Directors. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

### **3. Audit Committee**

This Committee comprises of three Non-Executive Directors all being Independent Directors. The terms of reference of this Committee are as required under Section 177 of the Companies Act, 2013 and under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Committee met 4 times during the financial year on 30<sup>th</sup> May 2016, 28<sup>th</sup> July, 2016, 27<sup>th</sup> October 2016 and 25<sup>th</sup> January 2017. 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	4
Mr. K.Gnanasekaran	Non – Executive - Independent	4
Mr. S. Govindan	Non – Executive - Independent	4

The Committee was reconstituted on 1<sup>st</sup> February, 2017 comprising of Mr.Sudarsan Varadaraj, Mr.K.Gnanasekaran and Mr.Rajagopal Gopinath with effect from 1<sup>st</sup> April, 2017.

The Company Secretary acts as the Secretary to the Committee. The Chief Financial Officer, Branch, Internal and the Statutory Auditor of the Company had also attended the meetings. The minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken on record. The Audit Committee considered and reviewed the accounts for the year 2016 - 2017, 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 SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

#### **4. Nomination and Remuneration Committee**

The role, powers and functions of the Nomination and Remuneration Committee are as per Section 178 of the Companies Act, 2013 and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under regulation 19 read with part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The Committee comprises of 3 Independent Non-Executive Directors. The Committee during the year met two times on 30<sup>th</sup> May, 2016 and 25<sup>th</sup> January, 2017. The attendance of the members was as under:

Name of the Member	Category	No of Meetings during the year 2016 - 2017	
		Held	Attended
Mr. Sudarsan Varadaraj (Chairman)	Non - Executive - Independent	2	2
Mr. K.Gnanasekaran	Non - Executive - Independent	2	2
Mr. S. Govindan	Non - Executive - Independent	2	2

This Committee would basically look into and determine the Company's policy on remuneration packages to the Executive Directors and Senior Management. This Committee shall identify the persons, who are qualified to become Directors of the Company/ who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every Director's performance. The Committee shall also formulate the criteria for determining qualifications, positive attributes, independence of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's website at [www.klrf.in](http://www.klrf.in).



**5. Remuneration of Directors**

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

₹ in lakhs				
Name	Service Term	Salary & Perquisites	Sitting Fees	Total
Mr. Suresh Jagannathan	12.3.2016 to 11.3.2021	42.00		42.00
Mr. R. Kannan	1.7.2014 to 30.6.2019	32.88		32.88
Mr. Sudarsan Varadaraj	—		0.98	0.98
Mr. V.N. Jayaprakasam	—		0.50	0.50
Mr. K. Gnanasekaran	—		0.98	0.98
Mr. S. Govindan	—		1.04	1.04
Mrs. Kalyani Balasubramanian	—		0.10	0.10
Mr. Rajagopal Gopinath	—		0.10	0.10

There are no pecuniary relationships or transactions of Non -Executive Directors vis-a-vis the Company.

The Company does not have any employee stock option scheme

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.

**6. 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 is Mr. S. Piramuthu, Company Secretary.

## ***KLRF Limited***

The Minutes of Stakeholders Relationship Committee were placed at the Board Meeting. During the year, one complaint was received from a shareholder and the complaint was duly attended and the Company has furnished necessary documents / information to the shareholder. There are no pending complaints as on 31.3.2017.

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 Regulation 20 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

### **Unclaimed shares demat suspense account**

In terms of Regulation 39(4) of Securities of Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule VI thereof, the Company has opened a demat account in the name and style "KLRF Limited – Unclaimed Shares Suspense Account". The disclosures with respect to demat suspense account 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;	173	1,580
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.	173	1580

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

### **Corporate Social Responsibility (CSR) Committee**

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a Corporate Social Responsibility Committee and the Committee comprises

## **KLRF Limited**

Mr. Suresh Jagannathan, Mr. Sudarsan Varadaraj, Mr. K. Gnanasekaran and Mr. R. Kannan as members.

The CSR Committee met two times during the year on 28<sup>th</sup> July 2016 and 27<sup>th</sup> October 2016. The necessary quorum was present for all Meetings. The attendance record of the members at the meeting was as follows.

Name of the Member	Category	Designation	No of Meeting	
			Held	Attended
Mr. Suresh Jagannathan	Executive - Promoter	Member	2	2
Mr. Sudarsan Varadaraj	Non - Executive - Independent	Member	2	2
Mr. K.Gnanasekaran	Non - Executive - Independent	Member	2	2
Mr. R. Kannan	Non - Executive - Non Independent	Member	2	2

The Committee evaluates and recommends the CSR proposals to the Board for approval. The Company formulated CSR Policy, which is uploaded on the website of the Company viz. [www.klrf.in](http://www.klrf.in)

### **Management Discussion and Analysis Report**

Management Discussion and Analysis Report is given in a separate section forming part of the Director's Report in this Annual Report.

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

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

Year	Date of Meeting	Time of Meeting	Location
2013-14	18.09.2014	10:15 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352
2014-15	16.09.2015	10:00 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352
2015-16	14.09.2016	10:00 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352

### **Special Resolutions Passed, if any**

**52<sup>nd</sup> Annual General Meeting** : Appointment of Mr. S. Govindan, Mr. Sudarsan Varadaraj, Mr.K.Gnanasekaran as Independent Directors

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

**53<sup>rd</sup> Annual General Meeting** : Nil  
2014-15

**54<sup>th</sup> Annual General Meeting** : Nil  
2015-16

### **EGM & Postal Ballots**

No special resolution passed through postal ballots during the financial year ended 31<sup>st</sup> March, 2017

None of the business proposed to be through postal ballot

No Extra -Ordinary General Meeting was held during the financial year.

### **8. Means of Communication**

- a) The quarterly/half yearly unaudited financial results and the annual audited financial results are normally published in Business Line (National Daily) and Dina Malar (Regional Newspaper). The financial results are regularly and promptly updated on the website of the company at [www.klrf.in](http://www.klrf.in)
- b) The copies of the results are forwarded to concerned Stock Exchange immediately after they are approved by the Board for dissemination in their website. The Company has a dedicated e-mail ID [cosec@klrf.in](mailto:cosec@klrf.in) for registering complaint from the Investors.
- c) There were no specific presentations made to Institutional Investors or to the analysts during the year.

### **9. General Shareholder information**

#### **a. Annual General Meeting**

Date : 15.9.2017

Time : 9.30 A.M.,

Venue : 75/8, Benares Cape Road, Gangaikondan-627352

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

**c. Dividend payment date** : on or before 13.10.2017

**d. Listing on Stock Exchanges**

The shares are listed at BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.

Annual listing fees for the year 2017-18 were paid to BSE Limited.

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

**e. Market Price Data**

Month	Apr,16	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'17	Feb	Mar
High (₹)	67.90	64.00	55.95	56.70	66.95	70.50	92.90	93.80	79.70	106.70	94.30	98.80
Low (₹)	46.00	47.15	44.60	45.80	56.50	57.10	60.20	66.00	68.65	74.00	74.15	81.00

**f. Registrars & Share Transfer Agents**

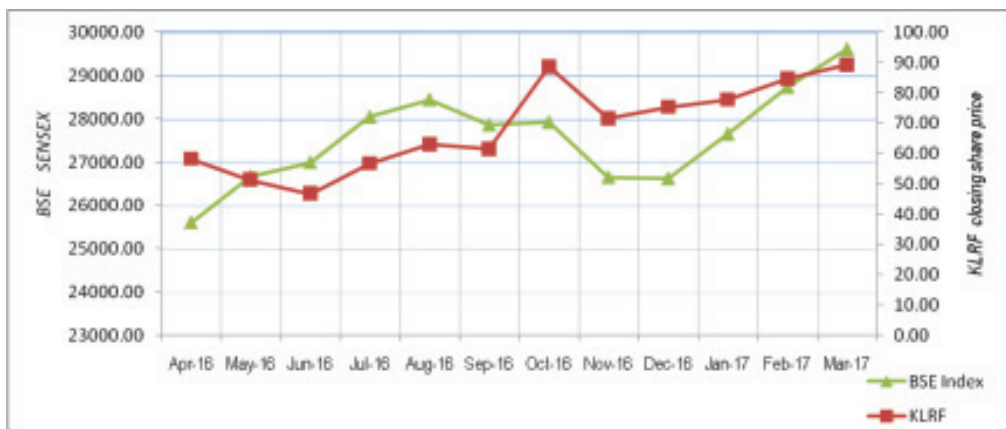
**Head Office**

M/s Link Intime India Private Limited, C/ 101, 247 Park, L.B.S.Marg Vikroli (West) Mumbai-400083

Ph.: 022 - 49186270, E-mail : [rnt.helpdesk@Linkintime.co.in](mailto:rnt.helpdesk@Linkintime.co.in)

**Branch**

**Performance comparison to BSE Sensex**



M/s Link Intime India Private Limited, "Surya" No.35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028

Ph.: 0422 - 2314792/2315792, E mail : coimbatore@linkintime.co.in

#### **g. 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.

#### **h. Share Transfer System**

The Company's shares are transferable through the depository system. Shares in physical form are processed by the Registrar and Share Transfer Agents, Link Intime India Private Limited and approved by the Stakeholders Relationship Committee of the Company. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited, if the documents are complete in all respects. All request for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Stakeholders Relationship Committee generally meets as and when necessary for approving share transfers and other related activities.

Legal proceeding / disputes on share transfer against the Company : NIL

Shares under lock -in period : NIL

#### **i. Shareholding Pattern as on 31.03.2017**

Particulars	No.of shares held	Percentage of shareholding
Promoter's Holding	25,46,979	50.73
Directors and their Relatives	26,542	0.52
Banks/FIS/Mutual Funds	805	0.02
Insurance Companies	2,50,000	4.99
Private corporate Bodies	1,81,157	3.61
NRI / OCBs	6,614	0.13
Indian Public	20,08,547	40.00
Total	50,20,644	100.00

**j. Distribution of Shareholding as on 31.3.2017**

Shareholding range	No of Holders	% of share holders	No of Shares	% of share holding
1 - 500	4,553	88.13	5,67,299	11.30
501 - 1,000	318	6.16	2,54,475	5.06
1,001 - 2,000	145	2.81	2,23,957	4.46
2,001 - 3,000	48	0.93	1,22,300	2.44
3,001 - 4,000	20	0.38	72,090	1.44
4,001 - 5,000	18	0.35	82,674	1.65
5,001 - 10,000	32	0.62	2,37,438	4.73
10,001 and above	28	0.62	34,60,411	68.92
<b>Total</b>	<b>5,162</b>	<b>100.00</b>	<b>50,20,644</b>	<b>100.00</b>

**k. Dematerialisation of shares and liquidity as on 31<sup>st</sup> March, 2017**

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	40,59,979	80.86
Central Depository Services (India) Limited	6,30,889	12.57
Physical	3,29,776	6.57
<b>Total</b>	<b>50,20,644</b>	<b>100.00</b>

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

m. Commodity price risk or foreign exchange risk & hedging activities : NIL

**n. 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 Village,  
 Radhapuram Taluk, Tirunelveli District  
 Engineering Division: Periyanaickenpalayam, Coimbatore

**o. Address for correspondence**

For annual report, transfer of physical / demat shares, change of address & other query relating to shares of the company and investors correspondence may be addressed to

Link Intime India Private Limited  
(Unit : KLRF Limited)  
"Surya" 35, Mayflower Avenue  
Behind Senthil Nagar,  
Sowripalayam Road,  
Coimbatore-641028  
Phone : 91-0422-2314792 / 2316755  
E-mail : [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in)  
Contact Person Mrs.S.Dhanalakshmi

Contact address for Investors

Mr.S.Piramuthu  
Company Secretary  
Registered Office :  
75/8, Benares Cape Road,  
Gangaikondan - 627352, Tirunelveli Dt.  
Phone : 91 - 0462 - 2486532  
Fax : 91 - 0462 - 2486132  
E-mail ; [cosec@klrf.in](mailto:cosec@klrf.in)

**10. Other 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 including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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. Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee**

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. Your Company hereby affirms that no complaints were received during the year under review.

**d. Details of compliance with mandatory requirements and adoption of the non mandatory requirements**

The Company has complied with all the mandatory requirements of corporate governance norms as enumerated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has adopted the non-mandatory requirement of Reporting of internal auditors to Audit Committee as recommended under Regulation 27 (1) read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Company has not adopted any other non-mandatory requirements.

**e. Policy for determining material subsidiaries**

As the Company doesn't have any subsidiaries under the provisions of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the requirement for adopting the Policy for determining "material" subsidiaries doesn't apply to the Company.

**f. Policy on dealing with related party transactions**

Policy on dealing with Related Party Transactions has been disclosed on the website of the Company at [www.klrf.in](http://www.klrf.in)

**g. Commodity price risk and commodity hedging activities**

The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages these risks through forward booking Inventory management and proactive vendor development practices. The Company's reputation for quality, products differentiation and service, coupled with existence of powerful brand image with robust marketing network mitigates the impact of price risk on finished goods.

**h. 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.

**i. Disclosure on risk management**

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

11. There has been no instance of non-compliance of any requirement of Corporate Governance Report as stated above in sub-paras 2 to 10 above.
12. The Company has complied all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**Certificate from CEO and CFO.**

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on 20<sup>th</sup> May 2017 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The Company has framed a code of conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. 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.

The Company has also formulated "The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)" in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

**14. Code of Conduct**

The Board of Directors have laid down a code of conduct for all Board members and Senior management of the Company. The same has been posted on the website of the Company. All Board members and Senior management personnel have affirmed their compliance with the code of conduct for the year under review. The Company's Managing Director's declaration to this effect forms a part of this report.

By Order of the Board

Place : Coimbatore	<b>Sudarsan Varadaraj</b> Director	<b>Suresh Jagannathan</b> Managing Director
Date : 31.05.2017	DIN : 00133533	DIN : 00011326

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

I hereby affirm and state that all the board members and senior management personnel of the Company have given a declaration in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and I hereby affirm compliance with the said code of conduct for the financial year 2016 - 2017

By Order of the Board

**Suresh Jagannathan**

Managing Director

DIN : 00011326

Place : Coimbatore

Date : 31.05.2017

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**Auditors' Certificate on Corporate Governance**

To

The Members of KLRF Limited

I have examined the compliance conditions of Corporate Governance by M/s. KLRF Limited (The Company) for the financial year ended March 31, 2017 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of the procedures and implementation there of adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 and based on the representations made by the Directors and Management, I certify that the company has complied with the conditions of Corporate Governance's stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 : 31.05.2017

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 2017, the statement of profit and loss and the statement of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").

#### **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 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 thereunder.

I have 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.

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, of the state of affairs of the Company as at March 31, 2017, and its Profit and its Cash Flow for the year ended on that date.

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

1. 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 purpose of my audit;
  - b) In my opinion proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books;
  - 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 the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - 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 March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in "Annexure B".

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion 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 22(4) to the financial statements;
  - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and
  - IV. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company - Refer Note 22(19) to the financial statements.

Place : Coimbatore  
Date : 20.05.2017

**P. Marimuthu**  
Chartered Accountant  
Membership No.005770

**"Annexure A" to the Independent Auditors' Report of even date on the Financial Statements of KLRF Limited:**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of my report of even date to the financial statements of the Company for the year ended March 31, 2017:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in my opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- ii) (a) The management has conducted the physical verification of inventory at reasonable intervals.

- b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- iv) In my opinion and according to the information and explanations given to me, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made.
- v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi) As informed to me, the Cost Records specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the engineering division has been made and maintained of the company.
- vii) (a) According to information and explanations given to me and on the basis of my examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.
- b) According to the information and explanation given to me, for dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, refer Note 22 (3) of the financial statements.
- viii) In my opinion and according to the information and explanations given to me, the Company has not defaulted in the repayment of dues to banks, financial institutions or from the government and has not issued any debentures.
- ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial

***KLRF Limited***

public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

- x) Based upon the audit procedures performed and the information and explanations given by the management, I report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- xii) In my opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- xiii) In my opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi) In my opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Place : Coimbatore

Date : 20.05.2017

**P. Marimuthu**

Chartered Accountant

Membership No. 005770



**"Annexure B" to the Independent Auditor's Report of even date on the Financial Statements of KLRF Limited:**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of KLRF Limited ("the Company") as of March 31, 2017 in conjunction with my audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting was operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Coimbatore  
Date : 20.05.2017

**P. Marimuthu**  
Chartered Accountant  
Membership No.005770

**Balance Sheet as at 31<sup>st</sup> March, 2017**

(in ₹)

Particulars	Note No.	31.3.2017	31.3.2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share Capital	1	5,02,06,440	5,02,06,440
(b) Reserves and Surplus	2	27,15,28,075	24,76,81,414
<b>Non-current liabilities</b>			
(a) Long Term Borrowings	3	10,17,69,880	8,69,61,895
(b) Deferred tax liabilities (Net)		1,70,40,399	1,65,56,764
<b>Current liabilities</b>			
(a) Short - term borrowings	4	48,02,57,131	34,15,10,472
(b) Trade payables	5	8,13,80,311	7,34,90,752
(c) Other current liabilities	6	2,60,30,937	2,59,98,020
(d) Short - term liabilities	7	3,91,60,535	3,57,24,436
TOTAL		<b>106,73,73,708</b>	87,81,30,193
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
1 (a) Fixed Assets			
(i) Tangible assets	8	29,15,42,185	26,94,93,062
(ii) Intangible assets		58,32,528	67,27,573
(iii) Capital work-in-progress		ñ	-
(b) Non Current Investments	9	2,41,040	2,41,040
(c) Deferred tax assets (net)		ñ	-
(d) Long -Term Loans and advances	10	1,81,88,937	1,85,95,071
<b>Current assets</b>			
(a) Inventories	11	56,45,50,418	38,75,97,627
(b) Trade Receivables	12	14,69,70,730	14,87,06,074
(c) Cash and Cash equivalents	13	36,02,234	16,83,624
(d) Short-term Loans and advances	14	3,64,45,636	4,50,86,122
TOTAL		<b>106,73,73,708</b>	87,81,30,193

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

**P. Marimuthu**

Chartered Accountant  
Membership No.5770

Place : Coimbatore

Date : 20-05-2017

**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

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017**

(in ₹)

Particulars	Note No.	31.3.2017	31.3.2016
<b>I. Revenue from Operations (gross)</b>	15	<b>227,30,19,655</b>	213,24,48,338
Less : Excise duty		<b>8,99,90,214</b>	8,47,33,926
Revenue from Operations (Net)		<b>218,30,29,441</b>	204,77,14,412
<b>II. Other Income</b>	16	<b>26,19,283</b>	26,69,796
<b>III. Total Revenue (I + II)</b>		<b>218,56,48,724</b>	205,03,84,208
<b>IV. Expenses:</b>			
Cost of material consumed	17	<b>145,08,84,161</b>	141,15,25,279
Changes in inventories of finished goods			
Work-in-progress and Stock-in-Trade	18	<b>53,56,422</b>	(19,31,049)
Employee benefits expense	19	<b>10,02,96,024</b>	8,72,03,596
Finance cost	20	<b>5,85,20,211</b>	6,37,02,293
Depreciation and amortization expense		<b>2,63,23,902</b>	2,51,56,816
Other expenses	21	<b>48,99,18,031</b>	41,99,90,748
<b>Total expenses</b>		<b>213,12,98,751</b>	200,56,47,683
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>5,43,49,973</b>	4,47,36,525
<b>VI. Exceptional items</b>			
<b>VII. Profit/(Loss) before extraordinary items and tax (V - VI)</b>		<b>5,43,49,973</b>	4,47,36,525
<b>VIII. Extraordinary Items</b>			
<b>IX. Profit/(Loss) before tax (VII- VIII)</b>		<b>5,43,49,973</b>	4,47,36,525
X Tax expense:			
(1) Current tax		<b>1,95,87,712</b>	91,21,263
MAT credit entitlement		<b>(44,56,555)</b>	44,56,555
(2) Deferred tax - Liabilities		<b>4,83,635</b>	1,90,87,695
<b>XI Profit (Loss) for the period from continuing operations (IX-X)</b>		<b>3,87,35,181</b>	2,09,84,122
XII Profit/(loss) from discontinuing operations		<b>(42,27,930)</b>	4,74,65,732
XIII Tax expense of discontinuing operations		<b>(13,97,880)</b>	96,77,716
<b>XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>		<b>(28,30,050)</b>	3,77,88,016
<b>XV Profit (Loss) for the period (XI + XIV)</b>		<b>3,59,05,131</b>	5,87,72,138
XVI Earnings per equity share:			
(1) Basic		<b>7.15</b>	11.71
(2) Diluted		<b>7.15</b>	11.71

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

**Sudarsan Varadaraj**  
Director  
DIN : 00133533

For and on behalf of the Board  
**Suresh Jagannathan**  
Managing Director  
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 : 20-05-2017

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2017**

1. Share Capital	31.3.2017		31.3.2016	
	Number	₹	Number	₹
<b>Authorised</b>				
Equity Shares of ₹10/- each	1,20,00,000	12,00,00,000	1,20,00,000	12,00,00,000
10% Cumulative Redeemable Preference shares of ₹10/- each	30,00,000	3,00,00,000	30,00,000	3,00,00,000
	<b>1,50,00,000</b>	<b>15,00,00,000</b>	<b>1,50,00,000</b>	<b>15,00,00,000</b>
<b>Issued</b>				
Equity Shares of ₹10/- each	51,19,598	5,11,95,980	51,19,598	5,11,95,980
<b>Subscribed &amp; fully Paid up</b>				
Equity Shares of ₹10/- each	50,20,644	5,02,06,440	50,20,644	5,02,06,440
<b>Total</b>	<b>50,20,644</b>	<b>5,02,06,440</b>	<b>50,20,644</b>	<b>5,02,06,440</b>

98,954 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 50,20,644 5,02,06,440    50,20,644 5,02,06,440
- c. No shares have been allotted as fully paid up, by way of bonus shares during 5 years immediately preceding 31.3.2017
- d. Details of equity shareholder holding more than 5% shares in the Company

Name of Shareholder	31.3.2017		31.3.2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sri. Suresh Jagannathan	10,96,211	21.83	10,96,211	21.83
M/s Cape Flour Mills Private Limited	9,97,935	19.88	9,97,935	19.88

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

(in ₹)

<b>2. Reserves &amp; Surplus</b>	<b>31.3.2017</b>	31.3.2016
<b>a. Capital Reserves</b>		
Opening / closing balance	<b>20,71,233</b>	20,71,233
<b>b. Securities Premium Account</b>		
Opening/closing balance	<b>16,42,15,420</b>	16,42,15,420
<b>c. Revaluation Reserve</b>		
Opening balance	<b>1,05,15,042</b>	1,08,74,031
Less : Written back in current year	<b>1,05,15,042</b>	3,58,989
Closing balance	<u>ñ</u>	<u>1,05,15,042</u>
<b>d. General Reserve</b>		
Opening/closing balance	<b>9,94,97,443</b>	9,94,97,443
<b>e. Surplus</b>		
Opening balance	<b>(2,86,17,724)</b>	(8,73,89,862)
(+) Net profit/(Net loss) for the current year	<b>3,59,05,131</b>	5,87,72,138
(-) Income tax for earlier years	<b>(15,43,428)</b>	-
Closing balance	<b>57,43,979</b>	(2,86,17,724)
Total	<u><b>27,15,28,075</b></u>	<u>24,76,81,414</u>

**3. Long - term borrowings**

**(a) Secured**

Term loans from banks  
(Guaranteed by Managing  
Director for term loans)

	Non Current portion		Current maturities	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
(i) Canara Bank	ñ	24,28,600	<b>24,28,600</b>	48,57,184
(ii) IDBI Bank Ltd.,	<b>2,60,00,000</b>	3,90,00,000	<b>1,30,00,000</b>	1,30,00,000
(iii) ICICI Home Finance Company Ltd.,	<b>2,74,75,846</b>	3,02,01,030	<b>27,25,184</b>	24,28,061
(iv) TATA Capital Financial Services Ltd.,	<b>35,87,254</b>	56,38,054	<b>20,50,800</b>	20,50,800
(v) HDFC Bank Ltd	<b>3,10,84,028</b>	-	<b>4,03,135</b>	-
(vi) Vehicle Loan from Canara Bank, HDFC Bank Ltd., Kotak Mahindra Prime Ltd., and ICICI Bank Ltd.,	<b>1,36,22,752</b>	96,94,211	<b>54,23,218</b>	36,61,975
Total	<u><b>10,17,69,880</b></u>	<u>8,69,61,895</u>	<u><b>2,60,30,937</b></u>	<u>2,59,98,020</u>

***KLRF Limited***

- (i) Rupee term loan availed from Canara Bank carries interest @ 11.90 % p.a., (MCLR+3.45% p.a.). The loan is repayable quarterly instalment of ₹. 12.14 lakhs each. The interest is payable on monthly 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 @ 12.65% p.a., ( MCLR + 3.35% p.a.). The loan is repayable on quarterly basis. The interest also payable on monthly basis. The loan matures in April 2020. 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 @ 11.60 %pa.,( HFLR - 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 - 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) Rupee term loan availed from HDFC Bank Ltd., carries interest @ 10.75% pa., (MCLR +1.70 %) The loan is repayable on 60 monthly instalments. The loan matures in February, 2023. The loan is secured by exclusive charge on the specified flour mill, foundry and wind mill machineries including wind mill lands and buildings for 3 nos 250 KW mills situated at Aralvoimozhi Village.
- (vi) Vehicle loan availed from Canara Bank, HDFC Bank Ltd. Kotak Mahindra Prime Ltd., and ICICI Bank. The loan is repayable on monthly basis and are secured by the respective vehicles.

**4. Short - term borrowings**

**31.3.2017**

31.3.2016

**a) Secured**

Loans repayable on demand  
(Guaranteed by Managing Director  
for working capital loan)  
Open loan and packing credit loan  
from Canara Bank  
Open loan and packing credit loan  
from HDFC Bank Ltd.

**28,17,28,457**

17,11,65,182

**15,43,38,674**

11,55,55,290

Total

**43,60,67,131**

28,67,20,472

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

(in ₹)

	31.3.2017	31.3.2016
<b>b) Unsecured</b>		
Loans from Directors	1,13,90,000	1,17,40,000
Inter Corporate Loans	3,28,00,000	4,30,50,000
Total	<u>4,41,90,000</u>	<u>5,47,90,000</u>
Total (a) + (b)	<u>48,02,57,131</u>	<u>34,15,10,472</u>
1. Working capital loans from Canara Bank carries an interest rate @ 11.15% (MCLR+2.70%) and is secured by pari-passu first charge on all the current assets and pari-passu second charge on flour mill and sheet metal immovable assets except those under exclusive charge.		
2. Working capital loans from HDFC Bank Ltd. carries an interest rate @ 11.05% (MCLR rate+2.15%) and secured by pari-passu first charge on all the current assets and pari-passu second charge on flour mill and sheet metal immovable assets except those which are having exclusive charge.		
<b>5. Trade Payable</b>		
Due to Micro, Small and Medium enterprises	25,75,911	-
Due to Others	7,88,04,400	7,34,90,752
Total	<u>8,13,80,311</u>	<u>7,34,90,752</u>
<b>6. Other current liabilities</b>		
Current maturities of long-term debt	2,60,30,937	2,59,98,020
Total	<u>2,60,30,937</u>	<u>2,59,98,020</u>
<b>7. Short - term liabilities</b>		
Provision for Bonus	22,49,024	19,85,593
Outstanding expenses	2,19,43,152	1,92,67,101
Statutory dues payable	97,67,140	94,02,726
Advance from customers	17,17,943	31,31,200
Income tax provision	34,83,276	19,37,816
Total	<u>3,91,60,535</u>	<u>3,57,24,436</u>



Notes to Financial Statements (contd.,)

(in ₹)

Particulars	Gross Block		Accumulated Depreciation			Net Block		
	Balance as at 1.4.2016	Additions/Transfer	Disposals/Transfer	Balance as at 1.4.2016	Depreciation charge for the year	On disposals	Balance as at 31.3.2017	Balance as at 31.3.2016
<b>8. Fixed Assets</b>								
<b>a. Tangible Assets (Not Under Lease).</b>								
Land	1,55,58,579	1,28,86,144	77,18,216	-	-	-	2,07,26,507	1,55,58,579
Buildings	16,13,98,013	48,25,179	28,66,015	5,16,67,270	24,32,699	-	10,92,57,208	10,97,30,744
Plant and Equipment	48,98,77,336	3,11,74,753	18,97,931	37,37,89,909	1,73,24,186	14,03,004	12,94,43,067	11,60,87,429
Furniture and Fixtures	25,34,538	3,10,320	61,461	15,97,025	1,64,060	58,387	10,80,699	9,37,515
Vehicles	3,18,43,506	1,07,05,921	57,25,861	1,02,66,321	35,28,198	30,86,494	2,61,15,541	2,15,77,185
Office equipment	1,73,53,798	6,46,535	4,00,443	1,38,51,696	10,96,535	3,71,661	30,23,320	35,02,096
Electrical Equipment	1,36,68,191	1,43,708	-	1,15,68,677	3,47,379	-	18,95,843	20,99,514
<b>Total (a)</b>	73,22,33,961	6,06,92,560	1,86,69,927	46,27,40,898	2,48,93,057	49,19,546	29,15,42,185	26,94,93,062
<b>b. Intangible Assets</b>								
Computer software & dedicated feederline	1,14,98,862	5,35,800	-	47,71,289	14,30,845	-	58,32,528	67,27,573
<b>Total (b)</b>	1,14,98,862	5,35,800	-	47,71,289	14,30,845	-	58,32,528	67,27,573
<b>c. Capital Work In Progress</b>								
<b>Total (c)</b>	-	-	-	-	-	-	-	-
<b>Total (a+b+c)</b>	74,37,32,823	6,12,28,360	1,86,69,927	46,75,12,187	2,63,23,902	49,19,546	29,73,74,713	27,62,20,635

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

		(in ₹)	
<b>9. Non Current Investments</b>	<b>31.3.2017</b>	<b>31.3.2016</b>	
<b>Trade Investments</b>			
Investment in equity instruments	<b>2,41,040</b>	2,41,040	
<b>Total</b>	<b>2,41,040</b>	2,41,040	

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
		2017	2016			2017	2016	2017	2016	
1	2	3	4	5	6	7	8	9	10	11
Investment in equity instruments										
M/s Cape Power Private Limited	—	<b>1,800</b>	1,800	Unquoted	Fully paid	<b>18%</b>	18%	<b>18,000</b>	18,000	Cost
M/s Suryadev Alloys and Power Private Limited	—	<b>1,640</b>	1,640	Unquoted	Fully paid	<b>0</b>	—	<b>2,23,040</b>	2,23,040	Cost
<b>Total</b>								<b>2,41,040</b>	2,41,040	

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

(in ₹)

	31.3.2017	31.3.2016
<b>10. Long - term loans and advances</b>		
<b>Security deposits</b>		
Unsecured, considered good	1,81,88,937	1,85,95,071
Total	1,81,88,937	1,85,95,071
<b>11. Inventories (valued at lower of cost and net realizable value)</b>		
Raw Materials and components	49,10,39,606	31,01,58,641
Work-in-progress	55,93,401	46,37,862
Finished goods	5,11,36,342	5,53,76,950
Stores and spares	1,23,41,101	1,09,12,853
Impurities, Runner and Riser	13,35,480	19,40,396
Gunnies	31,04,488	45,70,925
Total	56,45,50,418	38,75,97,627
<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	14,68,05,074	14,85,40,418
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,65,656	1,65,656
Total	14,69,70,730	14,87,06,074
<b>13. Cash and cash equivalents</b>		
a. Balances with bank – current account	26,66,163	8,58,633
b. Cash on hand	7,06,891	8,24,991
c. Earmarked balances	2,29,180	-
Total	36,02,234	16,83,624
<b>14. Short-term loans and advances</b>		
Unsecured, considered good		
Interest Receivables	ñ	-
Advance for purchases	46,72,340	86,72,560
Prepaid expenses	48,22,285	54,04,179
Receivables	25,79,098	44,48,629
Other advances	35,18,923	26,93,357
Taxes paid	1,63,96,435	1,94,10,842
MAT credit entitlement	44,56,555	44,56,555
Total	3,64,45,636	4,50,86,122

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

(in ₹)

<b>15. Revenue from operations</b>	<b>31.3.2017</b>	31.3.2016	
(a) Sale of products			
Wheat, wheat products and impurities	<b>147,57,53,219</b>	137,09,40,328	
Sheet metal components	<b>7,34,13,147</b>	8,10,37,506	
Castings	<b>70,65,23,873</b>	66,98,49,173	
(b) Sale of services – fabrication charges	<b>28,22,176</b>	9,64,619	
(c) Other operating revenues – sale of scrap and gunnies	<b>1,45,07,240</b>	96,56,712	
Sale of products and services (Gross) – Total	<b>227,30,19,655</b>	213,24,48,338	
Less : Excise duty	<b>8,99,90,214</b>	8,47,33,926	
Total	<b>218,30,29,441</b>	204,77,14,412	
<b>16. Other Income</b>			
Dividend Income	<b>4,500</b>	4,500	
Interest Income	<b>20,24,692</b>	13,61,751	
Net gain / (Loss) on sale of fixed assets	<b>663</b>	4,64,123	
Provision for bad debts written back	<b>ñ</b>	5,03,662	
Other non-operating income – Miscellaneous Income	<b>5,89,428</b>	3,35,760	
Total	<b>26,19,283</b>	26,69,796	
<b>17. Cost of material consumed</b>			
Wheat	<b>120,37,41,240</b>	116,30,01,241	
Iron materials	<b>24,71,42,921</b>	24,85,24,038	
Total	<b>145,08,84,161</b>	141,15,25,279	
<b>18. Changes in Inventories of finished goods and work in progress</b>	<b>31.3.2017</b>	31.3.2016	<b>(Increase)/ Decrease</b>
<b>Inventory at the end of the year</b>			
Work in progress			
Iron materials and sheet metal components	<b>55,93,401</b>	46,37,862	(9,55,539)
Finished goods			
Wheat products	<b>2,11,87,699</b>	2,50,25,349	38,37,650
Castings & sheet metal components	<b>3,43,88,611</b>	3,68,62,922	24,74,311
Total	<b>6,11,69,711</b>	6,65,26,133	53,56,422
<b>Inventory at the beginning of the year</b>			
Work in progress			
Iron materials and sheet metal components	<b>46,37,862</b>	29,41,741	(16,96,121)
Finished goods			
Wheat products	<b>2,50,25,349</b>	3,10,67,400	60,42,051
Castings & sheet metal components	<b>3,68,62,922</b>	3,05,85,943	(62,76,979)
Total	<b>6,65,26,133</b>	6,45,95,084	(19,31,049)

	31.3.2017	(In ₹) 31.3.2016
<b>Notes to Financial Statements (Contd.,)</b>		
<b>19. Employees benefit expenses</b>		
Directors remuneration and fees	78,58,001	59,53,583
Salaries, Wages and Bonus	7,83,52,515	6,92,87,199
Contribution to PF and other funds	66,80,721	58,44,129
Employees' Welfare	54,60,135	43,22,151
Gratuity	19,44,652	17,96,534
Total	<u>10,02,96,024</u>	<u>8,72,03,596</u>
<b>20. Finance cost</b>		
Interest expense - Banks and Institutions	3,83,57,683	4,13,17,345
Interest expense - others	1,84,43,457	2,08,08,836
Other borrowing costs	17,19,071	15,76,112
Total	<u>5,85,20,211</u>	<u>6,37,02,293</u>
<b>21. Other expenses</b>		
Fabrication charges	13,75,53,679	10,86,92,293
Power and fuel	8,23,31,838	10,40,96,260
Stores, spares and packing materials	12,46,08,925	11,07,63,891
Repairs to machineries	3,48,01,002	2,32,64,292
Factory maintenance and buildings repairs	3,27,56,709	1,27,07,814
Commission and discount	35,18,835	30,24,782
Freight	1,85,35,752	1,77,60,782
Insurance	17,21,030	16,24,492
Auditor's fees and expenses	23,46,995	20,55,890
Rent and Office maintenance	64,14,603	50,12,408
Rates and taxes	43,62,522	39,48,494
Advertisement and Sales promotion expenses	23,35,183	16,58,052
Donation	70,000	4,30,000
CSR expenditure	3,50,000	-
Miscellaneous expenses	14,467	12,497
Water charges and maintenance	9,79,511	36,906
Printing and stationery	12,23,581	12,96,142
Postage, Telegram and Telephones	17,43,202	15,07,539
Subscription and periodicals	4,20,554	4,05,212
Vehicle maintenance	49,06,782	29,93,567
Travelling	1,00,38,729	86,27,533
Filing fees	18,894	31,800
Legal expenses and professional charges	1,53,11,168	66,67,195
Enlisting fees	2,29,000	2,24,720
Furniture and other repairs	5,34,646	48,203
Lighting	3,39,137	1,92,386
Data processing	22,26,389	20,11,510
Bank commission	2,24,898	1,35,205
Bad debts written off	-	7,60,883
Total	<u>48,99,18,031</u>	<u>41,99,90,748</u>

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

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

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

##### **a METHOD OF ACCOUNTING**

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

##### **b FIXED ASSETS**

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

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.

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

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

##### **c INVENTORIES**

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

##### **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

Future liability towards gratuity to employees is determined on the basis of actuarial valuation as at the year end and funded through a 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>31.3.2017</b>	31.3.2016
2 Number of employees who are in receipt or entitled to receive emoluments amounting in aggregate ₹ 8,50,000/- 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>22,81,454</b>	Nil
b) Claims against the company not acknowledged as debts	<b>Nil</b>	8,52,269
4 Income tax appeals are pending before the Supreme Court for the assessment years 1991-92 to 1993-94, 1995-96 and 1996-97		
Appeals for the Assessment years 2007 - 2008 and 2011-2012 are pending with Commissioner of income tax Appeals		
Commercial tax and levy of PF damages are pending in appeal.		
Service tax appeal with CESTAT is pending.		
5 <b>Expenditure in foreign currency :</b>		(in ₹)
a) Travel	<b>17,38,023</b>	25,36,963
b) Others	-	-

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

(in ₹)

Sl.No.	Particulars	31.3.2017	31.3.2016
<b>6</b>	<b>Value of imports on c.i.f. basis</b>		
	a) Raw material	-	3,26,32,308
	b) Spares	-	-
	c) Machinery	<b>23,81,840</b>	-
<b>7</b>	<b>Earnings in foreign exchange :</b>		
	a) Export of goods on f.o.b. basis	<b>13,38,977</b>	12,62,708
	b) Commission received	<b>Nil</b>	Nil
	<b>31.3.2017</b>	<b>31.3.2016</b>	
<b>8</b>	<b>Raw material consumed</b>	<b>Value</b>	<b>%</b>
	Wheat		Value
	Indigenous	<b>120, 37,41,240</b>	<b>82.97</b>
	Imported	-	-
	Iron materials		
	Indigenous	<b>24,71,42,921</b>	<b>17.03</b>
	Imported	-	-
	<b>Total</b>	<b>145,08,84,161</b>	<b>100.00</b>
<b>9</b>	<b>Audit fees and expenses :</b>	<b>31.3.2017</b>	<b>31.3.2016</b>
	Statutory audit fees	<b>5,50,000</b>	5,00,000
	Statutory cost audit fees	<b>55,000</b>	50,000
	Fees for other services and expenses	<b>5,19,895</b>	3,95,290
	Internal audit fees	<b>6,54,100</b>	5,94,600
	Branch audit fee	<b>5,68,000</b>	5,16,000
	<b>Total</b>	<b>23,46,995</b>	<b>20,55,890</b>
<b>10</b>	<b>Licensed and installed capacity :</b>		
	Flour Mill Division	<b>74,000</b>	74,000
	Foundry	<b>10,800</b>	10,800
<b>11</b>	<b>Actual production meant for sale :</b>		
	a) Wheat Milled M.T	<b>60,920</b>	<b>59,087</b>
	Products obtained M.T	<b>60,334</b>	<b>57,872</b>
	b) Iron material		
	Consumed M.T	<b>9,846</b>	<b>9,097</b>
	Products obtained M.T	<b>9,134</b>	<b>8,416</b>



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

(in ₹)

Sl.No.	Particulars	31.3.2017	31.3.2016
12	Opening and closing stock of finished goods :		
	a) Wheat products		
	Opening stock M.T	<b>872</b>	991
	Closing stock M.T	<b>941</b>	872
	b) Iron materials		
	Foundry returns		
	Opening stock M.T	<b>81</b>	81
	Closing stock M.T	<b>66</b>	81
	Finished goods		
	Opening stock M.T	<b>428</b>	370
	Closing stock M.T	<b>427</b>	428
13	Earning per share		
	Profit after taxes	<b>3,59,05,131</b>	5,87,72,138
	Fully paid shares of ₹ 10/- each	<b>50,20,644</b>	50,20,644
	Earning per share	<b>7.15</b>	11.71

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, dues to micro and small enterprises, as on 31.03.2017 are provided.

**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.

Sl. No	Name of the party	Relationship	Nature of Transaction	31-3-2017 (in ₹)	31-3-2016 (in ₹)
1	The Lakshmi Textile Suppliers	Director interested concern	Purchase	<b>2,70,111</b>	8,90,158
2	Ellargi & Co.,	Director interested concern	Purchase	<b>NIL</b>	NIL
3	Cape Flour Mills Pvt Ltd	Director interested concern	Purchase Sale Service	<b>59,14,433</b> <b>49,15,202</b> <b>1,80,000</b>	NIL NIL 1,80,000
4	Cape Power Pvt Ltd	Director interested concern	Purchase	<b>35,67,323</b>	32,36,674
5	Mckinnon India Pvt Ltd	Director interested concern	Purchase Sale	<b>2,01,348</b> <b>74,85,368</b>	2,94,767 95,63,320
6	Super Springs Pvt Ltd	Director interested concern	Purchase Sale Service	<b>1,01,289</b> <b>NIL</b> <b>21,51,819</b>	94,241 23,77,331 Nil
7	Prokop Eltex India Pvt Ltd	Director interested concern	Purchase Sale	<b>11,603</b> <b>2,08,013</b>	50,159 3,38,881
8	Elgi Rubber Company Ltd	Director interested concern	Sale	<b>6,23,595</b>	Nil
9	Kaapi Machines India Pvt Ltd	Director interested concern	Sale	<b>10,94,338</b>	Nil
10	Probat Kaapi India Pvt Ltd	Director interested concern	Sale	<b>15,03,475</b>	Nil

**17 Segment Reporting**

(₹ in lakhs)

Sl. No.	Information about primary, Business segments	Food Division	Engineering Division	Total
1	Revenue from operations (net)	14,859.00	6,971.29	21,830.29
2	Segment results - Operating profit	873.49	255.21	1,128.70
	Less : Finance cost	311.23	273.97	582.20
	Add : Other unallocable income net of unallocable expenditure	-	-	-
	Profit / (Loss) from continuing operation	562.26	(18.76)	543.50
	Profit / (Loss) from discontinuing operation	-	-	(42.28)
	Net Profit before tax	-	-	501.22
3	Capital employed (segment assets - segment liabilities)	6,157.98	3,365.56	9,523.54
	Unallocable corporate assets less corporate liabilities	-	-	1,150.20
	<b>Total capital employed</b>	-	-	<b>10,673.74</b>

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

₹ in lakhs

Particulars	As at 31.3.2017	As at 31.3.2016
-------------	-----------------	-----------------

Defined Benefit Plans : Gratuity

A) Changes in present value of obligations

Present value of benefit obligations at the beginning of the year	<b>143.44</b>	130.20
Interest cost	<b>11.47</b>	10.42
Current service cost	<b>11.63</b>	10.64
Benefits paid	<b>(12.00)</b>	(12.88)
Actuarial (gain) / loss on benefit obligation	<b>5.70</b>	5.06
Present value of benefit obligations at the end of the year	<b>160.24</b>	143.44

B) Changes in the fair value of plan assets

Fair value of plan assets at the beginning of the year	<b>128.16</b>	63.05
Expected return on plan assets	<b>10.74</b>	9.86
Contributions	<b>14.90</b>	68.13
Actuarial gain / loss on plan assets	<b>ñ</b>	-
Benefits paid	<b>(12.00)</b>	(12.88)
Fair value of plan assets at the end of the year	<b>141.80</b>	128.16

C) Actuarial gain / loss recognised

Actuarial gain / loss for the year - obligation	<b>(5.70)</b>	(5.06)
Actuarial gain / loss for the year - plan assets	<b>ñ</b>	-
<b>Total gain / loss recognised in the financial Year</b>	<b>(5.70)</b>	(5.06)

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

D) Expenses recognised in statement of profit and loss		
Interest cost on benefit obligations	<b>11.47</b>	10.42
Service cost on benefit obligations	<b>11.63</b>	10.64
Expected return on plan assets	<b>(10.74)</b>	(9.86)
Net gain / loss recognised in the statement of profit and loss	<b>5.70</b>	5.06
Expenses recognised in statement of profit and loss	<b>18.06</b>	16.26
E) Liabilities recognised in the balance sheet		
Present value of benefit obligations at the end of the financial year	<b>160.24</b>	143.44
Fair value of plan assets	<b>141.80</b>	128.16
Funded status	<b>(18.44)</b>	(15.28)
Net assets/ liabilities recognised in balance sheet	<b>(18.44)</b>	(15.28)
F) Actuarial Assumptions		
Discount rate	<b>8.00%</b>	8.00%
Salary increase	<b>6.50%</b>	6.00%

**19 Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016**

Particulars	SBNs	Other denomination notes	Total
Closing Cash in hand as on 08.11.2016	12,15,000	3,02,867	15,17,867
(+) Permitted Receipts	-	42,74,337	42,74,337
(-) Permitted Payments	-	36,63,362	36,63,362
(-)Amount deposited in Banks	12,15,000	-	12,15,000
Closing cash in hand as on 30/12/2016	-	9,13,842	9,13,842

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.

<b>P.Marimuthu</b> Chartered Accountant Membership No.5770 Place : Coimbatore Date : 20-05-2017	<b>Sudarsan Varadaraj</b> Director DIN : 00133533	For and on behalf of the Board
	<b>R. Kannan</b> Executive Director and Chief Financial Officer DIN : 00951451	<b>Suresh Jagannathan</b> Managing Director DIN : 00011326
		<b>S. Piramuthu</b> Company Secretary

**KLRF Limited**

**Cash Flow Statement for the year ended 31st March, 2017**

₹ in lakhs

	31.3.2017	31.3.2016
<b>a CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	501.22	922.02
Adjustments for		
Depreciation	263.25	251.57
Investments	(0.01)	(562.63)
Dividend	(0.05)	(0.05)
Finance Cost (net)	585.20	637.20
	<b>848.39</b>	326.09
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<b>1,349.61</b>	1,248.11
Adjustments for		
Trade and other receivables	103.76	(311.41)
Inventories	(1,769.52)	(82.10)
Trade Payables and other liabilities	113.59	(481.31)
Cash generated from operations	<b>(202.56)</b>	373.29
Less : Finance cost	585.20	637.20
Less : Direct Taxes	152.77	143.42
Cash flow before extraordinary items	<b>(940.53)</b>	(407.33)
Extraordinary Items		
Net cash from operating activities	<b>(940.53)</b>	(407.33)
<b>b CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(611.62)	(266.57)
Sale of Fixed Assets	31.67	765.15
Dividend Received	0.05	0.05
Net cash used in investing activities	<b>(579.90)</b>	498.63
<b>c CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term borrowings	1,387.47	76.63
Long term borrowings	148.08	(262.27)
Long term loans and advances	4.06	79.52
	<b>1,539.61</b>	(106.12)
Net increase in cash and cash equivalents (a+b+c)	<b>19.18</b>	(14.82)
Cash and cash equivalents at the beginning of the year	16.84	31.66
Cash and cash equivalents at the close of the year	<b>36.02</b>	16.84

In accordance with my report of date attached

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

Place : Coimbatore  
Date : 20-05-2017

**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**

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

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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]

Folio No. / Demat ID  
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 55<sup>th</sup> Annual General Meeting of the company, to be held on Friday, the 15<sup>th</sup> September, 2017 at 9.30 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:

✂ Cut here ----- PT.O.

### **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
170811003	

\* 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 : No. of  
Name of the Member : shares held :  
Name of the Proxy :

### **ATTENDANCE SLIP**

#### **Attendance by**

- Member  
 Proxy  
 Authorised  
 Representative

Please ✓ the  
appropriate box

I hereby record my presence at 55<sup>th</sup> Annual General Meeting being held on Friday, 15<sup>th</sup> September, 2017 the Registered Office of the Company, at 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli District

\_\_\_\_\_  
Signature of Member / Proxy\*

\* Strike out whichever is not applicable

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, 2017, the Report of the Board of Directors and the Report of the Auditors thereon.			
2.	To declare a dividend			
3.	Appointment of Director in the place of Mr. R. Kannan, (DIN 00951451) who retires by rotation and being eligible, offers himself for re-appointment			
4.	Appointment of M/s. Arun & Co (Firm Registration No. 014464S), Chartered Accountants, Tirunelveli as statutory auditors of the company in the place of the retiring auditor, Mr. P. Marimuthu (Membership No. 005770), Chartered Accountant, for a period of 5 years.			
<b>Special Business</b>				
5.	Appointment of M/s. Haribhakti & Co. Chartered Accountants (Registration No. 103523W) as Branch Auditors for Engineering Division of the Company.			
6.	Appointment of Mr. P. Mohankumar, (Membership No. 18692) Cost Auditor for engineering division of the company			
7.	Appointment of Mr. Rajagopal Gopinath, (DIN 00096122) as Independant Director not liable to retire by rotation			

Signed this ..... day of ..... 2017

Signature of shareholder : .....

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

Affix ₹ 1/-  
Revenue  
Stamp

**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**

