

## **NOTICE**

Notice is hereby given that the Fifty second Annual General Meeting of the Company will be held on Thursday the 18<sup>th</sup> September, 2014 at 10.15 a.m. at the Company's Registered Office at 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli District to transact the following business.

### **ORDINARY BUSINESS**

1. To consider and adopt the Balance Sheet as at 31.03.2014 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors and Auditor thereon.
2. To appoint a Director in the place of Sri. V.N. Jayaprakasam who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint an Auditor and fix his remuneration.

### **SPECIAL BUSINESS**

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

"RESOLVED THAT pursuant to Section 139, 142 and 143(8) of the Companies Act, 2013 M/s Haribhakti & Co LLP, Chartered Accountants, Coimbatore (Registration No.103523W) be and are hereby appointed as Branch Auditor of the Company to hold office upto the conclusion of the next Annual General Meeting to audit the books of accounts of both the Sheet Metal and Foundry Division, Coimbatore for the financial year 2014 - 2015 on a remuneration of ₹ 4,63,000/- (Rupees four lakhs sixty three thousand only) excluding applicable taxes and out of pocket expenses incurred in connection with the audit."

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

"RESOLVED THAT pursuant to the provisions of Section 160 and 161 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and the Articles of Association of the Company, Sri. R. Kannan, (holding DIN: 00951451) who was appointed as an Additional Director of the Company by the Board of Directors, at their Meeting held on 25<sup>th</sup> June 2014 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 from a member signifying his intention to propose Sri. R. Kannan as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, who shall, while holding such Office as the Director, be liable to retire by rotation"

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 199, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approvals, if any as may be necessary, consent of the Company be and is hereby accorded to the appointment of Sri. R. Kannan as Whole Time Director of the Company (Designated as “Executive Director cum Chief Financial Officer”) for a period of 5 (five) years with effect from 1st July, 2014 on the terms and conditions, as set out below with liberty to the Board of Directors to revise the terms as to remuneration, from time to time within the overall limits specified in Section II Part II of Schedule V of the Companies Act, 2013.”

**Remuneration**

₹ 1,45,000/- per month with an annual increment of ₹ 15,000/-

0.50% as commission on the Net Profit of the Company computed in accordance with Sections 197 and 198 of the Companies Act, 2013 subject to a maximum of ₹ 5 lakhs.

**Perquisites:**

In addition to salary and commission Sri. R. Kannan, (holding DIN: 00951451) Executive Director cum Chief Financial Officer shall also be entitled to perquisites which shall not exceed 60% of the salary.

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

Provision of telephone and car for official use.

“RESOLVED FURTHER THAT in any financial year, during the currency of tenure of Sri. R. Kannan, as Executive Director cum Chief Financial Officer, the Company has no profits or its profits are inadequate, the above remuneration and perquisites shall be treated/payable as minimum remuneration as specified in Schedule V of the Companies Act, 2013, as amended.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. S. Govindan (holding

DIN 00003636), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 18<sup>th</sup> September 2014 to hold office for a term up to 31<sup>st</sup> March, 2017 and not liable to retire by rotation.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. Sudarsan Varadaraj (holding DIN 00133533), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 18<sup>th</sup> September 2014 to hold office for five consecutive years for a term up to 17<sup>th</sup> September, 2019 and not liable to retire by rotation.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. K. Gnanasekaran (holding DIN 00133645), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 18<sup>th</sup> September 2014 to hold office for five consecutive years for a term up to 17<sup>th</sup> September, 2019 and not liable to retire by rotation.”

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

“RESOLVED THAT in supersession of the resolution No.7 passed at the Meeting of the Shareholders of the Company held on 24<sup>th</sup> March, 2008 and pursuant to the provisions of Section 180(1) (c) and other applicable provisions, if any, of the

Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow moneys from time to time any sum or sums of monies in any manner as may be required for the purpose of business of the Company, with or without security and upon such terms and conditions as they may think fit, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 150 crores (Rupees one hundred and fifty crores only)".

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

"RESOLVED THAT in supersession of the earlier resolutions and pursuant to Section 180 (1) (a) and all other applicable provisions, if any, of the Companies Act, 2013, consent of the company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create such charges and / or mortgages and hypothecations in additions to the existing charges, mortgages and hypothecations created by the Company on such terms and conditions and at such time or times and in such form and manner and with such ranking as to priority as it may think fit, on any of the Company's movable and immovable properties and assets including the whole or substantially the whole of the Company's undertaking, present and future, as the case may be, in favour of the Lenders viz., Financial/Investment Institutions, Bank/s and Trustees for the holders of the debentures/ bonds/ other instruments to secure the repayment of loans/borrowings sanctioned and / or to be sanctioned by them from time to time for a sum not exceeding ₹ 150 crores (Rupees one hundred and fifty crores only) as per the approval of the shareholders under section 180 (1) (a) of the Companies Act, 2013 and inclusive of interest at the respective agreed rates and all other costs, charges and expenses and all monies payable by the company in respect of such loans/borrowings as may be stipulated in that behalf and agreed to between the Board of Directors and the Lenders.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the Lenders, agreements and other documents, if any necessary for creating the mortgage(s) and / or charge(s) hypothecations(s) as aforesaid, and do all such acts, deeds matters and things and to execute all such documents, deeds and instruments in writing as may be required incidental and / or expedient for giving effect to this resolution and to resolve any question relating

thereto, or otherwise considered by the Board of Directors to be in the best interest of the Company”.

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

“RESOLVED THAT pursuant to Section 61 and all other applicable provisions if any, of the Companies Act, 2013, that the Authorised Share Capital of the Company be and is hereby altered by converting the unissued 30,00,000 (Thirty Lakhs) 10% Cumulative Redeemable Preference Shares of ₹ 10/- each into 30,00,000 (Thirty Lakhs) Equity Shares of ₹ 10/- each and accordingly the Authorised Share Capital be altered as ₹ 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs only) equity shares of ₹ 10/- each and 30,00,000 (Thirty Lakhs) 10% Cumulative Redeemable Preference Shares of ₹ 10/- each.”

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by replacing the existing Clause V thereof with the following new Clause V:

V. The Authorised Share Capital of the company is ₹ 15,00,00,000/- (Rupees fifteen crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs) equity shares of ₹10/- each and 30,00,000 (Thirty Lakhs) 10% Cumulative Redeemable Preference Shares of ₹ 10/- each”.

RESOLVED FURTHER THAT, the Articles of Association of the Company be and is hereby altered by replacing the existing Article 3 thereof with the following new Article 3:

3. The authorised share capital of the Company shall be ₹ 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,20,00,000 equity shares of ₹ 10/- each and 30,00,000 10% Cumulative Redeemable Preference Shares of ₹ 10/- each with power to increase or reduce the capital and to divide the capital into several classes and to attach thereto, respectively, such preferential, deferred, qualified or special rights, privileges or conditions with voting rights or with differential rights as to dividend, voting or otherwise as permissible under law and as may be determined by the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 and as the Company deems fit and necessary.

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

RESOLVED THAT subject to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, read with relevant Rules thereof the Articles of Association of the Company be and are hereby amended and altered in the manner specified below.

**a. The existing Articles 48 and 55 be deleted and the following new Articles 48 and 55 be substituted thereof**

48. At every Annual General Meeting of the company, one third of such of the directors including the whole-time directors for the time being are liable to retire by rotation or if their number is not three or a multiple of three, then both number nearest to one third shall retire from office.
55. The Board of Directors may, subject to the provisions of the Act, from time to time appoint one or more of its Directors to the office of Managing Director/ Managing Directors and / or Whole Time Directors for such period and on such terms as it thinks fit, and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A Director so appointed shall whilst holding that office, be subject to retirement by rotation, but his appointment shall automatically determine if he ceases, from any cause whatsoever, to be a Director. A Managing Director and / or a Whole Time Director shall, subject to the provisions of the Act, receive such remuneration as may be determined by a resolution of the Company in General Meeting. The Board may entrust to and confer upon a Managing Director and / or a Whole Time Director any of the powers exercisable by it upon such terms and conditions and with such restriction as it may think fit, and either collaterally with or to the exclusion of its own powers and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.
- b. After the Article 55, the following new Article 55A be and is hereby inserted as detailed below.
- 55A. A provision of the Act or these articles requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

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

**Item No.4**

As per Section 143(8) of the Companies Act, 2013, Branch Auditor is required to be appointed at the General Meeting. Accordingly, Branch Auditor is being appointed at every annual general meeting for the respective financial year to audit the accounts of the Coimbatore branches of our Company.

The proposed resolution set out in Item No.4 of the Notice seeks the authorization of the members to appoint Branch Auditor for the financial year 2014-2015.

None of the Directors, key managerial personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise in this Resolution.

**Item No.5 & 6**

Sri. R. Kannan was appointed as an Additional Director and Whole Time Director (designated as Executive Director cum Chief Financial Officer) of the Company with

effect from 1.7.2014 by the Board of Directors at their meeting held on 25.6.2014. His period of office is liable to determination by retirement of directors by rotation. A notice pursuant to section 160 of the Companies Act, 2013 has been received from a member proposing Sri. R. Kannan as a candidate for the office of Director of the Company.

Sri.R.Kannan joined the Company in 1982 and has had a distinguished career with the Company. Before his appointment as a Board member of the company, he was holding the position of Chief Financial Officer of the Company. Sri. R. Kannan has enough experience in the area of Finance.

The approval of the members is being sought to the appointment, terms, conditions and stipulations for the appointment of Sri.R.Kannan as the director and whole time director and the remuneration payable to him. The terms and conditions fixed by the Board of Directors at their meeting held on 25.6.2014 are keeping in line with the remuneration package that is necessary to continue to encourage good professional managers with a sound career record to important position such as that occupied by Sri.R.Kannan.

In view of the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at Item No.5 & 6 of the accompanying Notice for the approval of the members. The appointment of Sri. R. Kannan is appropriate and is in the best interest of Company.

Except Sri. R. Kannan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 & 6.

#### **Item No.7**

Sri. S. Govindan is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 1<sup>st</sup> August, 2001. The qualification and expertise of Sri. S. Govindan has been detailed in the annexure attached.

Sri. S. Govindan retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. 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 Sri. S. Govindan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for period upto 31<sup>st</sup> March 2017 with effect from 18<sup>th</sup> September, 2014. A notice has been received from a member proposing Sri. S. Govindan as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri. S. Govindan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Sri. S. Govindan 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 Sri. S. Govindan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri. S. Govindan as an Independent Director, for the approval by the shareholders of the Company.

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

**Item No.8**

Sri. Sudarsan Varadaraj is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 5<sup>th</sup> October, 1990. The qualification and expertise of Sri.Sudarsan Varadaraj has been detailed in the annexure attached.

Sri. Sudarsan Varadaraj is a Director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. 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 Sri.Sudarsan Varadaraj being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 18<sup>th</sup> September 2014. A notice has been received from a member proposing Sri. Sudarsan Varadaraj as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri. Sudarsan Varadaraj fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Sri.Sudarsan Varadaraj 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 Sri. Sudarsan Varadaraj as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri.Sudarsan Varadaraj as an Independent Director, for the approval by the shareholders of the Company.

Except Sri.Sudarsan Varadaraj, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.8

**Item No.9**

Sri. K. Gnanasekaran is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 6<sup>th</sup> May, 2004. The qualification and expertise of Sri.K.Gnanasekaran has been detailed in the annexure attached.



Sri.K.Gnanasekaran is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. 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 Sri.K.Gnanasekaran being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 18<sup>th</sup> September 2014. A notice has been received from a member proposing Sri.K.Gnanasekaran as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri. K. Gnanasekaran fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Sri. K. Gnanasekaran 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 Sri.K.Gnanasekaran as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri. K. Gnanasekaran as an Independent Director, for the approval by the shareholders of the Company.

Except Sri. K. Gnanasekaran, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.9

#### **Item No. 10**

The members of the company at their Extra - Ordinary General Meeting held on 24<sup>th</sup> March, 2008 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 100 crores (Rupees one hundred crores only). Considering the future plan it is therefore, necessary for the members to pass a Special Resolution under Section 180(1) (c) and other applicable provisions of the Companies Act, 2013 as set out at Item No.10 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto ₹150 crores (Rupees one hundred and fifty crores only).

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.10.

#### **Item No. 11**

The members of the company at their Extra - Ordinary General Meeting held on 24<sup>th</sup> March, 2008 approved by way of an Ordinary Resolution under Section 293(1)(a) of

the Companies Act, 1956 to create a charge on the Company's properties upto ₹100 crores (Rupees one hundred crores only) Consequent to increase in borrowings it has become necessary to increase the said limits upto ₹ 150 crores (Rupees one hundred and fifty crores only) as per Section 180 (1) (a) of the Companies Act, 2013. Approval of members is being sought to create a charge on the properties of the company upto ₹150 crores (Rupees one hundred and fifty crores only)

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.11.

**Item No. 12**

The present Authorised Share Capital of the Company is ₹15,00,00,000/- (Rupees Fifteen Crores only) divided into 90,00,000 (Ninety Lakhs only) equity shares of ₹10/- each and 60,00,000 (Sixty Lakhs only) 10% Cumulative Redeemable Preference Shares of ₹10/- each. It is considered desirable that the unissued 10% Cumulative Redeemable Preference Shares of the company be converted into Equity. Accordingly, the unissued 30,00,000 (Thirty Lakhs only) 10% Cumulative Redeemable Preference shares of ₹10/- each in the Authorised Share Capital is proposed to be converted into 30,00,000 (Thirty lakhs only) equity Shares of ₹10/- each.

Accordingly the Authorised Share Capital of the Company be altered as ₹15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs only) Equity shares of ₹10/- each and 30,00,000 (Thirty Lakhs only) 10% Cumulative Redeemable Preference Shares of ₹ 10/- each.

The alteration to the Capital Clause of Memorandum and Articles of Association of the Company is consequent to the alteration of the Authorised Share Capital.

As per the provisions of the Companies Act, 2013, any alteration in Authorised Capital and consequent amendment to the Memorandum and Articles of Association of the Company requires consent and approval of the Members of the Company.

The Board of Directors recommend the Resolutions in Item No. 12 of the Notice for approval by the Members

A copy of the Memorandum and Articles of Association together with proposed alterations are available for inspection at the registered office of the Company on any working day during the usual business hours.

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. 13**

The Board of Directors at their meeting held on 1<sup>st</sup> August 2014 have recommended amendment of Articles of Association of the Company by (a) replacing existing article 48 and 55 with a new article 48 & 55 providing that the office of Whole Time Directors and Managing Directors are liable to retire by rotation to comply with Section 152 of the

Companies Act, 2013 and (b) inserting new article 55A to enable a person to act both as Director and Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer of the Company.

The Resolution at Item No. 13 of the Notice is set out as a Special Resolution for approval by the members in terms of Section 14 of the Companies Act, 2013. The Board of directors recommend the resolution for the approval of the Members.

A copy of the Memorandum and Articles of Association together with proposed alterations are available for inspection at the registered office of the Company on any working day during the usual business hours

Sri.Suresh Jagannathan, Managing Director and Sri. R. Kannan, Executive Director cum Chief Financial Officer are deemed to be interested in this resolution. None of the other Directors, Key Managerial Personnel or their relatives are interested in the Resolution as set out in Item No.13 of the Notice.

**Notes :**

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

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

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

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members / Proxies should bring the attendance slips duly filled and signed for attending the meeting.
4. Details under Clause 49 of the Listing Agreement with the Stock Exchange(s) in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting are furnished and forms a part of the Notice. The Directors have furnished the requisite consents/declarations for their appointment / re-appointment.
5. The register of members and share transfer books of the company will remain closed from 6<sup>th</sup> September 2014 to 18<sup>th</sup> September 2014 (both days inclusive).

6. Members holding shares in physical form are requested to notify immediately any change in their address along with respective address proof to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA.
7. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
8. Pursuant to Section 205-A, of the Companies Act, 1956, unclaimed dividends up to and including financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants relating to financial year(s) upto and including 1994 - 95 may claim the same from the Registrar of Companies, No.26, Haddows Road, Chennai - 600006 in the prescribed form which will be supplied by the Company / Registrar and Transfer Agent on request.
9. In terms of the amendment to Section 205A and introduction of Section 205C by the Companies (Amendment) Act, 1999, dividend for the financial year from 1995-1996 to 2005-2006 have already been transferred to Investors' Education and Protection Fund.
10. Pursuant to Section 205A of the Companies Act, 1956, the Dividend which remained un-encashed / unclaimed for a period of seven years from the date of transfer to the unpaid Dividend account is required to be transferred to the "Investor Education and Protection Fund" established by the Central Government. According to the relevant provisions of the Companies Act, 1956, as amended, no claim shall lie against the said fund or the Company for the amount of unclaimed Dividend so transferred to the said Fund. Members who have not encashed the Dividend warrant(s) so far, are requested to send their claim immediately to the Company / Registrar and Transfer Agent for issue of pay order / demand draft in lieu thereof.
11. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
12. Members holding shares in Physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with Physical shares.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.

Members holding shares in Physical form can submit their PAN to the Company or to Registrar and Transfer Agent.

14. Electronic copy of the Annual Report for 31<sup>st</sup> March 2014, the Notice of the 52<sup>nd</sup> Annual General Meeting of the Company and instructions for e-voting, along with the postal ballot form, Attendance Slip and Proxy Form, are being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode

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

In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this notice, a postal ballot Form is annexed. A member desiring to exercise vote by postal ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to Mr.M.D.Selvaraj, Scrutinizer, MDS Associates, "Surya", 35 Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028 so as to reach him on or before 15<sup>th</sup> September, 2014 by 5:00 P:M. Any Ballot Form received after the said date shall be treated as if the reply from the members has not been received. Kindly note that members can opt for only one mode of voting i.e., either by postal ballot or through e-voting. If members are opting for e-voting then do not vote by postal ballot or vice versa.

However, in case of members casting their vote by postal ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.

15. E-Voting procedure

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) 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.

- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) 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.
- (vi) 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 first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.

In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 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 number of shares held by you as on the cut off date in the Dividend Bank details field.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly 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.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- x) Click on the EVSN for the relevant "KLRF Limited" on which you choose to vote.
- xi) 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.
- xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) 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.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- A) Please follow all steps from sl. no. (i) to sl. no. (xv) above to cast vote.
- B) The voting period begins on 12.09.2014 at 9.00 a.m. and ends on 14.09.2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 08.08.2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.



(C) 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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

In case of members desiring to exercise vote by Postal Ballot:

A Member desiring to exercise vote by Postal Ballot should complete the Postal Ballot Form and send it to the Scrutinizer in the enclosed self-addressed business reply envelope properly sealed. Members are requested to read the instructions contained on the reverse of the Postal Ballot Form and follow the same.

As the company has provided e-voting /Postal Ballot voting in terms of Clause 35B of the Listing Agreement, members may please note that there will be only one mode of voting either through e-voting or by post. The scrutinizer will collate the votes downloaded from the e-voting system and votes received through Postal Ballot to declare the final result for each of the resolutions forming part of the notice of Annual General Meeting.

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 Friday, 8th August 2014. Mr. M.D. Selvaraj FCS, Proprietor of MDS & Associates, Company Secretaries, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process / Postal Ballot in a fair and transparent manner.

The Results shall be declared on the Annual General Meeting of the Company.

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

#### 16. Re-appointment of Directors

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

- a. Name : Mr. K. Gnanasekaran  
Age : 62 years  
Qualification : B.Com., F.C.A.,  
Expertise : 35 years of experience in Finance and Accounts

<b>Name of the company</b>	<b>Position held</b>	<b>Membership of the Committee</b>
Magna Electro Castings Ltd.,	Director	Audit Committee -Member
Single Window Commodities Private Limited	Director	NIL

***KLRF Limited***

- b. Name : Mr. Sudarsan Varadaraj  
Age : 56 years  
Qualification : B.E.,(Hons), M.S.(Mech.Engg.,)  
Expertise : 32 years of experience in Rubber Industry

<b>Name of the company</b>	<b>Position held</b>	<b>Membership of the Committee</b>
Elgi Rubber Company Limited	Chairman and Managing Director	Investors Grievance Committee and Finance & Administrative Committee - Member
Treadsdirect Limited	Managing Director	NIL
Elgi Equipments Limited	Director	NIL
Titan Tyrecare Products Limited	Director	NIL
Elgi Ultra Industries Limited	Director	NIL
LRG Technologies Limited	Director	NIL
Super Spinning Mills Limited	Director	Audit committee and Remuneration committee - Member

- c. Name : Mr. S. Govindan  
Age : 77 years  
Qualification : LTM  
Expertise : 52 years of experience in Textile Industries  
Other Directorship : NIL

- d. Name : Mr. V.N. Jayaprakasam  
Age : 75 years  
Qualification : B.Sc., diploma from Swiss Milling School. St.Gallen  
Expertise : 50 years of experience in Flour Milling Industry

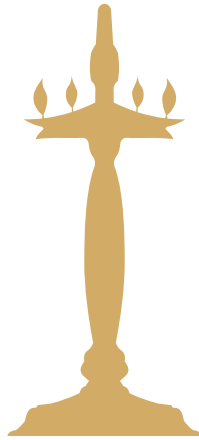
<b>Name of the company</b>	<b>Position held</b>	<b>Membership of the Committee</b>
Eltex Precision Dies and Tools Private Limited	Director	NIL
Sri Vishnudurga Agro Estates Private Limited	Director	NIL
Prokop Eltex India Private Limited	Director	NIL

***KLRF Limited***

e. Name : Mr. R. Kannan  
Age : 58 years  
Qualification : B.Com.,  
Expertise : 32 years of experience in Finance and Accounts  
Other Directorship : NIL

Place : Coimbatore  
Date : 01.08.2014

By Order of the Board  
**Suresh Jagannathan**  
Managing Director



2014  
Annual Report

KLRF Limited

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# ***KLRF Limited***

Board of Directors

**Sudarsan Varadaraj**

**V.N. Jayaprakasam**

**S. Govindan**

**K. Gnanasekaran**

**Suresh Jagannathan**

Managing Director

**R. Kannan**

Executive Director cum Chief Financial Officer

Company Secretary

**S. Piramuthu**

Auditor

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

Chartered Accountant, Tirunelveli

Branch Auditors

M/s Haribhakti & Co LLP

Chartered Accountants, Coimbatore

Bankers

Canara Bank

Indian Overseas Bank

Punjab National Bank

IDBI Bank Ltd.,

Registered Office

75/8, Benares Cape Road

Gangaikondan – 627352

Telephone : 0462-2486532

Fax : 0462-2486132

E-mail : flourmills@klrf.in

Website : www.klrf.in

CIN : L15314TN1961PLC004674

Administrative Office

1054/21, Avanashi Road

Coimbatore-641018

Food Division

Gangaikondan – 627352

Textile Division

Gangaikondan – 627352

N.Subbiahpuram – 626205

Engineering Division

Coimbatore-641020

Registrar and Share Transfer Agent

Link Intime India Private Limited

“Surya” 35, Mayflower Avenue

Senthil Nagar, Sowripalayam Road

Coimbatore – 641028, Tamilnadu

Telephone : 0422 – 2314792

Telefax : 0422 – 2314792

E-mail : coimbatore@linkintime.co.in

## **NOTICE**

Notice is hereby given that the Fifty second Annual General Meeting of the Company will be held on Thursday the 18<sup>th</sup> September, 2014 at 10.15 a.m. at the Company's Registered Office at 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli District to transact the following business.

### **ORDINARY BUSINESS**

1. To consider and adopt the Balance Sheet as at 31.03.2014 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors and Auditor thereon.
2. To appoint a Director in the place of Sri. V.N. Jayaprakasam who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint an Auditor and fix his remuneration.

### **SPECIAL BUSINESS**

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

"RESOLVED THAT pursuant to Section 139, 142 and 143(8) of the Companies Act, 2013 M/s Haribhakti & Co LLP, Chartered Accountants, Coimbatore (Registration No.103523W) be and are hereby appointed as Branch Auditor of the Company to hold office upto the conclusion of the next Annual General Meeting to audit the books of accounts of both the Sheet Metal and Foundry Division, Coimbatore for the financial year 2014 - 2015 on a remuneration of ₹ 4,63,000/- (Rupees four lakhs sixty three thousand only) excluding applicable taxes and out of pocket expenses incurred in connection with the audit."

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

"RESOLVED THAT pursuant to the provisions of Section 160 and 161 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and the Articles of Association of the Company, Sri. R. Kannan, (holding DIN: 00951451) who was appointed as an Additional Director of the Company by the Board of Directors, at their Meeting held on 25<sup>th</sup> June 2014 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 from a member signifying his intention to propose Sri. R. Kannan as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, who shall, while holding such Office as the Director, be liable to retire by rotation"



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

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 199, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approvals, if any as may be necessary, consent of the Company be and is hereby accorded to the appointment of Sri. R. Kannan as Whole Time Director of the Company (Designated as "Executive Director cum Chief Financial Officer") for a period of 5 (five) years with effect from 1st July, 2014 on the terms and conditions, as set out below with liberty to the Board of Directors to revise the terms as to remuneration, from time to time within the overall limits specified in Section II Part II of Schedule V of the Companies Act, 2013."

**Remuneration**

₹ 1,45,000/- per month with an annual increment of ₹ 15,000/-

0.50% as commission on the Net Profit of the Company computed in accordance with Sections 197 and 198 of the Companies Act, 2013 subject to a maximum of ₹ 5 lakhs.

**Perquisites:**

In addition to salary and commission Sri. R. Kannan, (holding DIN: 00951451) Executive Director cum Chief Financial Officer shall also be entitled to perquisites which shall not exceed 60% of the salary.

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

Provision of telephone and car for official use.

"RESOLVED FURTHER THAT in any financial year, during the currency of tenure of Sri. R. Kannan, as Executive Director cum Chief Financial Officer, the Company has no profits or its profits are inadequate, the above remuneration and perquisites shall be treated/payable as minimum remuneration as specified in Schedule V of the Companies Act, 2013, as amended."

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. S. Govindan (holding

DIN 00003636), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 18<sup>th</sup> September 2014 to hold office for a term up to 31<sup>st</sup> March, 2017 and not liable to retire by rotation.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. Sudarsan Varadaraj (holding DIN 00133533), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 18<sup>th</sup> September 2014 to hold office for five consecutive years for a term up to 17<sup>th</sup> September, 2019 and not liable to retire by rotation.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. K. Gnanasekaran (holding DIN 00133645), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 18<sup>th</sup> September 2014 to hold office for five consecutive years for a term up to 17<sup>th</sup> September, 2019 and not liable to retire by rotation.”

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

“RESOLVED THAT in supersession of the resolution No.7 passed at the Meeting of the Shareholders of the Company held on 24<sup>th</sup> March, 2008 and pursuant to the provisions of Section 180(1) (c) and other applicable provisions, if any, of the

Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow moneys from time to time any sum or sums of monies in any manner as may be required for the purpose of business of the Company, with or without security and upon such terms and conditions as they may think fit, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 150 crores (Rupees one hundred and fifty crores only)".

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

"RESOLVED THAT in supersession of the earlier resolutions and pursuant to Section 180 (1) (a) and all other applicable provisions, if any, of the Companies Act, 2013, consent of the company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create such charges and / or mortgages and hypothecations in additions to the existing charges, mortgages and hypothecations created by the Company on such terms and conditions and at such time or times and in such form and manner and with such ranking as to priority as it may think fit, on any of the Company's movable and immovable properties and assets including the whole or substantially the whole of the Company's undertaking, present and future, as the case may be, in favour of the Lenders viz., Financial/Investment Institutions, Bank/s and Trustees for the holders of the debentures/ bonds/ other instruments to secure the repayment of loans/borrowings sanctioned and / or to be sanctioned by them from time to time for a sum not exceeding ₹ 150 crores (Rupees one hundred and fifty crores only) as per the approval of the shareholders under section 180 (1) (a) of the Companies Act, 2013 and inclusive of interest at the respective agreed rates and all other costs, charges and expenses and all monies payable by the company in respect of such loans/borrowings as may be stipulated in that behalf and agreed to between the Board of Directors and the Lenders.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the Lenders, agreements and other documents, if any necessary for creating the mortgage(s) and / or charge(s) hypothecations(s) as aforesaid, and do all such acts, deeds matters and things and to execute all such documents, deeds and instruments in writing as may be required incidental and / or expedient for giving effect to this resolution and to resolve any question relating

thereto, or otherwise considered by the Board of Directors to be in the best interest of the Company”.

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

“RESOLVED THAT pursuant to Section 61 and all other applicable provisions if any, of the Companies Act, 2013, that the Authorised Share Capital of the Company be and is hereby altered by converting the unissued 30,00,000 (Thirty Lakhs) 10% Cumulative Redeemable Preference Shares of ₹ 10/- each into 30,00,000 (Thirty Lakhs) Equity Shares of ₹ 10/- each and accordingly the Authorised Share Capital be altered as ₹ 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs only) equity shares of ₹ 10/- each and 30,00,000 (Thirty Lakhs) 10% Cumulative Redeemable Preference Shares of ₹ 10/- each.”

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by replacing the existing Clause V thereof with the following new Clause V:

V. The Authorised Share Capital of the company is ₹ 15,00,00,000/- (Rupees fifteen crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs) equity shares of ₹10/- each and 30,00,000 (Thirty Lakhs) 10% Cumulative Redeemable Preference Shares of ₹ 10/- each”.

RESOLVED FURTHER THAT, the Articles of Association of the Company be and is hereby altered by replacing the existing Article 3 thereof with the following new Article 3:

3. The authorised share capital of the Company shall be ₹ 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,20,00,000 equity shares of ₹ 10/- each and 30,00,000 10% Cumulative Redeemable Preference Shares of ₹ 10/- each with power to increase or reduce the capital and to divide the capital into several classes and to attach thereto, respectively, such preferential, deferred, qualified or special rights, privileges or conditions with voting rights or with differential rights as to dividend, voting or otherwise as permissible under law and as may be determined by the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 and as the Company deems fit and necessary.

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

RESOLVED THAT subject to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, read with relevant Rules thereof the Articles of Association of the Company be and are hereby amended and altered in the manner specified below.

**a. The existing Articles 48 and 55 be deleted and the following new Articles 48 and 55 be substituted thereof**

48. At every Annual General Meeting of the company, one third of such of the directors including the whole-time directors for the time being are liable to retire by rotation or if their number is not three or a multiple of three, then both number nearest to one third shall retire from office.
55. The Board of Directors may, subject to the provisions of the Act, from time to time appoint one or more of its Directors to the office of Managing Director/ Managing Directors and / or Whole Time Directors for such period and on such terms as it thinks fit, and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A Director so appointed shall whilst holding that office, be subject to retirement by rotation, but his appointment shall automatically determine if he ceases, from any cause whatsoever, to be a Director. A Managing Director and / or a Whole Time Director shall, subject to the provisions of the Act, receive such remuneration as may be determined by a resolution of the Company in General Meeting. The Board may entrust to and confer upon a Managing Director and / or a Whole Time Director any of the powers exercisable by it upon such terms and conditions and with such restriction as it may think fit, and either collaterally with or to the exclusion of its own powers and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.
- b. After the Article 55, the following new Article 55A be and is hereby inserted as detailed below.
- 55A. A provision of the Act or these articles requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

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

**Item No.4**

As per Section 143(8) of the Companies Act, 2013, Branch Auditor is required to be appointed at the General Meeting. Accordingly, Branch Auditor is being appointed at every annual general meeting for the respective financial year to audit the accounts of the Coimbatore branches of our Company.

The proposed resolution set out in Item No.4 of the Notice seeks the authorization of the members to appoint Branch Auditor for the financial year 2014-2015.

None of the Directors, key managerial personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise in this Resolution.

**Item No.5 & 6**

Sri. R. Kannan was appointed as an Additional Director and Whole Time Director (designated as Executive Director cum Chief Financial Officer) of the Company with

effect from 1.7.2014 by the Board of Directors at their meeting held on 25.6.2014. His period of office is liable to determination by retirement of directors by rotation. A notice pursuant to section 160 of the Companies Act, 2013 has been received from a member proposing Sri. R. Kannan as a candidate for the office of Director of the Company.

Sri.R.Kannan joined the Company in 1982 and has had a distinguished career with the Company. Before his appointment as a Board member of the company, he was holding the position of Chief Financial Officer of the Company. Sri. R. Kannan has enough experience in the area of Finance.

The approval of the members is being sought to the appointment, terms, conditions and stipulations for the appointment of Sri.R.Kannan as the director and whole time director and the remuneration payable to him. The terms and conditions fixed by the Board of Directors at their meeting held on 25.6.2014 are keeping in line with the remuneration package that is necessary to continue to encourage good professional managers with a sound career record to important position such as that occupied by Sri.R.Kannan.

In view of the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 the Board recommends the Ordinary Resolution set out at Item No.5 & 6 of the accompanying Notice for the approval of the members. The appointment of Sri. R. Kannan is appropriate and is in the best interest of Company.

Except Sri. R. Kannan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 & 6.

#### **Item No.7**

Sri. S. Govindan is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 1<sup>st</sup> August, 2001. The qualification and expertise of Sri. S. Govindan has been detailed in the annexure attached.

Sri. S. Govindan retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. 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 Sri. S. Govindan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for period upto 31<sup>st</sup> March 2017 with effect from 18<sup>th</sup> September, 2014. A notice has been received from a member proposing Sri. S. Govindan as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri. S. Govindan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Sri. S. Govindan 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 Sri. S. Govindan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri. S. Govindan as an Independent Director, for the approval by the shareholders of the Company.

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

**Item No.8**

Sri. Sudarsan Varadaraj is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 5<sup>th</sup> October, 1990. The qualification and expertise of Sri.Sudarsan Varadaraj has been detailed in the annexure attached.

Sri. Sudarsan Varadaraj is a Director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. 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 Sri.Sudarsan Varadaraj being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 18<sup>th</sup> September 2014. A notice has been received from a member proposing Sri. Sudarsan Varadaraj as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri. Sudarsan Varadaraj fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Sri.Sudarsan Varadaraj 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 Sri. Sudarsan Varadaraj as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri.Sudarsan Varadaraj as an Independent Director, for the approval by the shareholders of the Company.

Except Sri.Sudarsan Varadaraj, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.8

**Item No.9**

Sri. K. Gnanasekaran is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 6<sup>th</sup> May, 2004. The qualification and expertise of Sri.K.Gnanasekaran has been detailed in the annexure attached.



Sri.K.Gnanasekaran is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. 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 Sri.K.Gnanasekaran being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 18<sup>th</sup> September 2014. A notice has been received from a member proposing Sri.K.Gnanasekaran as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri. K. Gnanasekaran fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Sri. K. Gnanasekaran 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 Sri.K.Gnanasekaran as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri. K. Gnanasekaran as an Independent Director, for the approval by the shareholders of the Company.

Except Sri. K. Gnanasekaran, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.9

**Item No. 10**

The members of the company at their Extra - Ordinary General Meeting held on 24<sup>th</sup> March, 2008 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 100 crores (Rupees one hundred crores only). Considering the future plan it is therefore, necessary for the members to pass a Special Resolution under Section 180(1) (c) and other applicable provisions of the Companies Act, 2013 as set out at Item No.10 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto ₹150 crores (Rupees one hundred and fifty crores only).

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.10.

**Item No. 11**

The members of the company at their Extra - Ordinary General Meeting held on 24<sup>th</sup> March, 2008 approved by way of an Ordinary Resolution under Section 293(1)(a) of

the Companies Act, 1956 to create a charge on the Company's properties upto ₹100 crores (Rupees one hundred crores only) Consequent to increase in borrowings it has become necessary to increase the said limits upto ₹ 150 crores (Rupees one hundred and fifty crores only) as per Section 180 (1) (a) of the Companies Act, 2013. Approval of members is being sought to create a charge on the properties of the company upto ₹150 crores (Rupees one hundred and fifty crores only)

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.11.

**Item No. 12**

The present Authorised Share Capital of the Company is ₹15,00,00,000/- (Rupees Fifteen Crores only) divided into 90,00,000 (Ninety Lakhs only) equity shares of ₹10/- each and 60,00,000 (Sixty Lakhs only) 10% Cumulative Redeemable Preference Shares of ₹10/- each. It is considered desirable that the unissued 10% Cumulative Redeemable Preference Shares of the company be converted into Equity. Accordingly, the unissued 30,00,000 (Thirty Lakhs only) 10% Cumulative Redeemable Preference shares of ₹10/- each in the Authorised Share Capital is proposed to be converted into 30,00,000 (Thirty lakhs only) equity Shares of ₹10/- each.

Accordingly the Authorised Share Capital of the Company be altered as ₹15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs only) Equity shares of ₹10/- each and 30,00,000 (Thirty Lakhs only) 10% Cumulative Redeemable Preference Shares of ₹ 10/- each.

The alteration to the Capital Clause of Memorandum and Articles of Association of the Company is consequent to the alteration of the Authorised Share Capital.

As per the provisions of the Companies Act, 2013, any alteration in Authorised Capital and consequent amendment to the Memorandum and Articles of Association of the Company requires consent and approval of the Members of the Company.

The Board of Directors recommend the Resolutions in Item No. 12 of the Notice for approval by the Members

A copy of the Memorandum and Articles of Association together with proposed alterations are available for inspection at the registered office of the Company on any working day during the usual business hours.

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. 13**

The Board of Directors at their meeting held on 1<sup>st</sup> August 2014 have recommended amendment of Articles of Association of the Company by (a) replacing existing article 48 and 55 with a new article 48 & 55 providing that the office of Whole Time Directors and Managing Directors are liable to retire by rotation to comply with Section 152 of the

Companies Act, 2013 and (b) inserting new article 55A to enable a person to act both as Director and Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer of the Company.

The Resolution at Item No. 13 of the Notice is set out as a Special Resolution for approval by the members in terms of Section 14 of the Companies Act, 2013. The Board of directors recommend the resolution for the approval of the Members.

A copy of the Memorandum and Articles of Association together with proposed alterations are available for inspection at the registered office of the Company on any working day during the usual business hours

Sri.Suresh Jagannathan, Managing Director and Sri. R. Kannan, Executive Director cum Chief Financial Officer are deemed to be interested in this resolution. None of the other Directors, Key Managerial Personnel or their relatives are interested in the Resolution as set out in Item No.13 of the Notice.

**Notes :**

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

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

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

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members / Proxies should bring the attendance slips duly filled and signed for attending the meeting.
4. Details under Clause 49 of the Listing Agreement with the Stock Exchange(s) in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting are furnished and forms a part of the Notice. The Directors have furnished the requisite consents/declarations for their appointment / re-appointment.
5. The register of members and share transfer books of the company will remain closed from 6<sup>th</sup> September 2014 to 18<sup>th</sup> September 2014 (both days inclusive).

6. Members holding shares in physical form are requested to notify immediately any change in their address along with respective address proof to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA.
7. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
8. Pursuant to Section 205-A, of the Companies Act, 1956, unclaimed dividends up to and including financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants relating to financial year(s) upto and including 1994 - 95 may claim the same from the Registrar of Companies, No.26, Haddows Road, Chennai - 600006 in the prescribed form which will be supplied by the Company / Registrar and Transfer Agent on request.
9. In terms of the amendment to Section 205A and introduction of Section 205C by the Companies (Amendment) Act, 1999, dividend for the financial year from 1995-1996 to 2005-2006 have already been transferred to Investors' Education and Protection Fund.
10. Pursuant to Section 205A of the Companies Act, 1956, the Dividend which remained un-encashed / unclaimed for a period of seven years from the date of transfer to the unpaid Dividend account is required to be transferred to the "Investor Education and Protection Fund" established by the Central Government. According to the relevant provisions of the Companies Act, 1956, as amended, no claim shall lie against the said fund or the Company for the amount of unclaimed Dividend so transferred to the said Fund. Members who have not encashed the Dividend warrant(s) so far, are requested to send their claim immediately to the Company / Registrar and Transfer Agent for issue of pay order / demand draft in lieu thereof.
11. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
12. Members holding shares in Physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with Physical shares.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.

Members holding shares in Physical form can submit their PAN to the Company or to Registrar and Transfer Agent.

14. Electronic copy of the Annual Report for 31<sup>st</sup> March 2014, the Notice of the 52<sup>nd</sup> Annual General Meeting of the Company and instructions for e-voting, along with the postal ballot form, Attendance Slip and Proxy Form, are being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode

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

In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this notice, a postal ballot Form is annexed. A member desiring to exercise vote by postal ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to Mr.M.D.Selvaraj, Scrutinizer, MDS Associates, "Surya", 35 Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028 so as to reach him on or before 15<sup>th</sup> September, 2014 by 5:00 P:M. Any Ballot Form received after the said date shall be treated as if the reply from the members has not been received. Kindly note that members can opt for only one mode of voting i.e., either by postal ballot or through e-voting. If members are opting for e-voting then do not vote by postal ballot or vice versa.

However, in case of members casting their vote by postal ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.

15. E-Voting procedure

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) 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.

- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) 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.
- (vi) 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 first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.

In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 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 number of shares held by you as on the cut off date in the Dividend Bank details field.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly 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.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- x) Click on the EVSN for the relevant "KLRF Limited" on which you choose to vote.
- xi) 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.
- xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) 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.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- A) Please follow all steps from sl. no. (i) to sl. no. (xv) above to cast vote.
- B) The voting period begins on 12.09.2014 at 9.00 a.m. and ends on 14.09.2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 08.08.2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.



(C) 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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

In case of members desiring to exercise vote by Postal Ballot:

A Member desiring to exercise vote by Postal Ballot should complete the Postal Ballot Form and send it to the Scrutinizer in the enclosed self-addressed business reply envelope properly sealed. Members are requested to read the instructions contained on the reverse of the Postal Ballot Form and follow the same.

As the company has provided e-voting /Postal Ballot voting in terms of Clause 35B of the Listing Agreement, members may please note that there will be only one mode of voting either through e-voting or by post. The scrutinizer will collate the votes downloaded from the e-voting system and votes received through Postal Ballot to declare the final result for each of the resolutions forming part of the notice of Annual General Meeting.

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 Friday, 8th August 2014. Mr. M.D. Selvaraj FCS, Proprietor of MDS & Associates, Company Secretaries, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process / Postal Ballot in a fair and transparent manner.

The Results shall be declared on the Annual General Meeting of the Company.

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

#### 16. Re-appointment of Directors

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

- a. Name : Mr. K. Gnanasekaran  
Age : 62 years  
Qualification : B.Com., F.C.A.,  
Expertise : 35 years of experience in Finance and Accounts

<b>Name of the company</b>	<b>Position held</b>	<b>Membership of the Committee</b>
Magna Electro Castings Ltd.,	Director	Audit Committee -Member
Single Window Commodities Private Limited	Director	NIL

***KLRF Limited***

- b. Name : Mr. Sudarsan Varadaraj  
Age : 56 years  
Qualification : B.E.,(Hons), M.S.(Mech.Engg.,)  
Expertise : 32 years of experience in Rubber Industry

<b>Name of the company</b>	<b>Position held</b>	<b>Membership of the Committee</b>
Elgi Rubber Company Limited	Chairman and Managing Director	Investors Grievance Committee and Finance & Administrative Committee - Member
Treadsdirect Limited	Managing Director	NIL
Elgi Equipments Limited	Director	NIL
Titan Tyrecare Products Limited	Director	NIL
Elgi Ultra Industries Limited	Director	NIL
LRG Technologies Limited	Director	NIL
Super Spinning Mills Limited	Director	Audit committee and Remuneration committee - Member

- c. Name : Mr. S. Govindan  
Age : 77 years  
Qualification : LTM  
Expertise : 52 years of experience in Textile Industries  
Other Directorship : NIL

- d. Name : Mr. V.N. Jayaprakasam  
Age : 75 years  
Qualification : B.Sc., diploma from Swiss Milling School. St.Gallen  
Expertise : 50 years of experience in Flour Milling Industry

<b>Name of the company</b>	<b>Position held</b>	<b>Membership of the Committee</b>
Eltex Precision Dies and Tools Private Limited	Director	NIL
Sri Vishnudurga Agro Estates Private Limited	Director	NIL
Prokop Eltex India Private Limited	Director	NIL

***KLRF Limited***

e. Name : Mr. R. Kannan  
Age : 58 years  
Qualification : B.Com.,  
Expertise : 32 years of experience in Finance and Accounts  
Other Directorship : NIL

Place : Coimbatore  
Date : 01.08.2014

By Order of the Board  
**Suresh Jagannathan**  
Managing Director

**DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS**

**Dear Shareholders,**

The Directors present their Fifty second Annual Report together with the audited statement of accounts for the year ended 31st March, 2014. The management discussion and analysis report have been included at the appropriate places in this report.

**(₹ in Lakhs)**

<b>FINANCIAL RESULTS</b>	<b>31.03.2014</b>	31.03.2013
Total Turnover (Net)	<b>24773.37</b>	21422.18
Profit before financial charges and depreciation	<b>1341.94</b>	1491.72
Less : Financial charges	<b>746.53</b>	823.01
Profit before depreciation	<b>595.41</b>	668.71
Less : Depreciation	<b>541.27</b>	519.77
Profit / (Loss) before tax	<b>54.14</b>	148.94
Add / (Less) : Provision for tax		
- Current	<b>96.47</b>	-
- MAT credit entitlement	-	29.74
- Deferred tax assets / (-) liabilities	<b>(0.98)</b>	(47.44)
Net Profit / (Loss) after tax carried to Balance sheet	<b>(43.31)</b>	131.24

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

**Results**

The turnover of the company for the year is ₹ 248 crores as against ₹ 214 crores last year.

The company earned an EBIDTA ₹ 1342 lakhs

The Food division earned an EBIDTA of ₹ 753 lakhs on milling of 55923 Metric tons of wheat accounting for 50.31 % of the turnover of the Company.

The Textile Division has earned an EBIDTA of Rs.209 lakhs and Engineering Division has earned an EBIDTA of ₹ 380 lakhs.

**DIVIDEND**

Your directors are unable to recommend a dividend on the paid-up equity share capital of the company for the year ended 31st March, 2014

**CAPITAL INVESTMENT**

Company has made a total capital investment of ₹ 260 lakhs. These investments will result in increase in production, cost reduction and improvement in quality.

## **ECONOMIC OUTLOOK FOR THE YEAR**

Economic Outlook:

Monsoon, this year, which was earlier predicted to be 40 to 60% deficient had a dramatic reversal in first week of July. Current estimates indicate that the country will have an above average rainfall.

Worries about runaway food inflation might subside influencing RBI decisions in the later part of the year.

Current account deficit declined dramatically from 88 billion US\$ to 32 billion US\$. This is partly due to increase in exports. GDP growth this year is expected to be 5.6% (Source NCEAR).

Policies already announced like accelerated depreciation and continuance of duty drawback will accelerate growth momentum.

### **Opportunities, Challenges, Risks and Concerns:**

#### **Food Division:**

Wheat crop estimates at 95.60 million tons for the crop year 2013-2014 is 2.10 million tons higher than last year. Adequate buffer stocks are available with the Government. This ensures availability of raw material at a favourable price until next crop.

Demand for wheat products are increasing steadily and export opportunities available ensures substantial growth in milling operations this year.

#### **Textile Division:**

Unfavourable operational conditions in the Open End Spinning unit resulted in substantial losses. Your Director decided it prudent to stop the operations of this unit. This was done after getting necessary approvals from the members of the company.

Global cotton production continues to be higher than consumption, will result in stable prices for cotton fibre. After initial misgivings domestic cotton production also likely to be normal at 99% of sowing area (source : Ministry of Agriculture). Global and domestic demand for ring spun yarn is expected to grow on a sustained basis ensures profitable operational conditions for the ring spinning unit.

#### **Engineering Division:**

After securing uninterrupted power supply the operations of this division improved.

It is expected that the automotive industry, both vehicles and components segment to grow by more than 12% in the years ahead.

Demand from Defence, Railways and Capital Goods Industries also are likely to increase substantially. This augurs well for the growth of this Division.

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

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

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

## **SEGMENTWISE AND PRODUCTWISE PERFORMANCE**

Segmentwise and productwise results are stated separately under segment reporting

## **FINANCE**

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

## **CORPORATE GOVERNANCE**

A report on corporate governance is annexed to this report. The company has complied with the conditions relating to the above as stipulated in Clause 49 of the Listing Agreement.

The certificate from the statutory auditor relating to the above is annexed.

## **FIXED DEPOSITS**

The Company continued to accept fixed deposits during the year and there were no unclaimed deposits as on 31.3.2014. However, your Company has stopped accepting and / or renewing fixed deposit from the general public and shareholders from 01.04.2014.

## **DIRECTORS**

Sri.S.Govindan retires at the ensuing Annual General meeting and the Directors have proposed to appoint him as Independent Director for a period commencing from 18<sup>th</sup> September 2014 to 31<sup>st</sup> March 2017.

Sri.Sudarsan Varadaraj and Sri.K.Gnanasekaran, Directors of the Company, are being appointed as Independent Directors for five consecutive years from 18<sup>th</sup> September, 2014 to 17<sup>th</sup> September, 2019 as per provisions of Section 149 and other applicable provisions of the Companies Act, 2013.

The Board of Directors at their meeting held on 25<sup>th</sup> June 2014 have appointed Sri. R. Kannan as Additional Director and he holds office up to the ensuing Annual General Meeting. The Board of Directors have recommended the appointment of Sri. R. Kannan as Director as per the provisions of Section 160 and other applicable provisions of the Companies Act, 2013. The Board of Directors have also appointed

Sri. R. Kannan as Whole Time Director (Designated as Executive Director cum Chief Financial Officer) for a period of five years from 1<sup>st</sup> July 2014.

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

All the Directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of Section 274(1)(g) of the Companies Act, 1956.

Your directors recommend their appointment / re-appointment.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2014, the applicable accounting standards have been followed.
- ii. 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.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2014 ongoing concern basis.

### **AUDITORS**

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

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

Sri. M. Kannan, Cost Accountant has been appointed as Cost Auditor for the year 2013 - 2014 for the textile, foundry and food divisions of the company and cost audit report will be filed on or before the due date. Cost audit report for the year ended 31.03.2013 has been filed on 24.09.2013 before the time limit prescribed under the Act. Cost compliance report for the financial year ended 31.3.2013 was submitted to the Central Government on 24.9.2013.

## **PERSONNEL**

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

## **HUMAN RESOURCES / INDUSTRIAL RELATIONS**

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

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

## **LISTING**

Your Company's shares are listed at Bombay Stock Exchange Limited, Madras Stock Exchange Ltd., and traded in National Stock Exchange Ltd., under permitted category. Necessary listing fees for the year have been paid.

## **CAUTIONARY STATEMENT**

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

## **GENERAL**

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

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

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

By Order of the Board

Place : Coimbatore

**Sudarsan Varadaraj**

**Suresh Jagannathan**

Date : 01.08.2014

Director

Managing Director



**Information in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March, 2014.**

**I CONSERVATION OF ENERGY**

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

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

A. POWER AND FUEL CONSUMPTION	Current Year	Previous Year
1. Electricity		
(a) Purchased units From TNEB	<b>7194811</b>	8445284
Total amount (₹)	<b>49986457</b>	55746621
Rate/Unit (₹)	<b>6.95</b>	6.60
(b) Own generation		
Through diesel generation (units)	<b>870847</b>	4739867
Units Per Ltr of diesel oil	<b>3.32</b>	3.34
Cost/per unit (₹)	<b>15.91</b>	14.53
(c) Through steam turbine/generator		
Units per Ltr of fuel	<b>Nil</b>	Nil
Oil / Gas		
Cost/Unit		
(d) Wind Mill Generation		
Qty.(Units)	<b>10341675</b>	10836422
Total cost (₹)	<b>49187100</b>	53668120
Cost per unit (₹)	<b>4.75</b>	4.95
(e) Units purchased from others	<b>5665100</b>	Nil
Rate per unit	<b>6.04</b>	
2. Coal		
Qty. (tons)	<b>NIL</b>	NIL
Total Cost		
Avg.Rate		
3. Furnace Oil		
Qty.(K.Lts)	<b>NIL</b>	NIL
Total amount		
Avg.Rate		

**(B) CONSUMPTION PER UNIT OF PRODUCTION**

Standards (if any)

Cotton yarn in Kgs.

**3241630**

3315283

Electricity per unit of production

**4.24**

3.98

**II. TECHNOLOGY ABSORPTION**

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

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- |   |  |
|---|--|
| 1. Activities relating to exports   | During the year iron castings were exported to France. Yarn was exported to Singapore. |
| 2. Initiative taken to increase exports and development of new exports markets for products & services and exports plans. | Efforts are continuing to increase exports.  |
| 3. Total Foreign Exchange Used  | ₹ 75.26 lakhs  |
| Earned  | ₹ 99.93 lakhs  |

By Order of the Board

Place : Coimbatore

**Sudarsan Varadaraj**

**Suresh Jagannathan**

Date : 01.08.2014

Director

Managing Director

**REPORT ON CORPORATE GOVERNANCE**

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

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

**2. Board of Directors**

The Board comprises of a Managing Director, one Executive Director, one non independent director and three Non-Executive Directors. There are three independent directors who bring independent judgment in the board's deliberations and decisions.

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

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

\* Exclude directorship in Private companies and Foreign Companies.

@ Audit Committee and Shareholders Committee are considered.

# Appointed as an additional director designated as "Executive Director cum Chief Financial Officer" from 1.7.2014

The Board met Five times during the financial year on 28<sup>th</sup> May, 2013, 1<sup>st</sup> August, 2013, 25<sup>th</sup> October, 2013, 27 January, 2014 and 12<sup>th</sup> March, 2014 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.V.N.Jayaprakasam	5	5	Yes
Mr.Sudarsan Varadaraj	5	5	Yes
Mr.K.Gnanasekaran	5	4	No
Mr.S.Govindan	5	5	Yes

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

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

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

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

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

This Committee comprises of three non-executive directors all being independent directors. The terms of reference of this Committee are as required under Section 292 A of the Companies Act, 1956 and under clause 49 of the Listing Agreement by SEBI. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditor, Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditor, Branch Auditor, Internal Auditors and Cost Auditor of the Company.

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

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

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 2013 - 2014, before it was placed in the Board. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956.

No. of Audit Committee Meetings held during the last financial year and the dates on which held:

Number of Audit Committee Meeting held	4
Dates on which held	28 <sup>th</sup> May, 2013, 1 <sup>st</sup> August, 2013, 25 <sup>th</sup> October, 2013 and 27 <sup>th</sup> January, 2014

The Board of Directors of the Company at their meeting held on 23<sup>rd</sup> May, 2014, have revised the terms of reference of the Audit Committee in conformity with the provisions of Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.

**(b) Remuneration Committee**

The Remuneration Committee of the Board comprises of Mr.Sudarsan Varadaraj, Mr. K. Gnanasekaran and Mr. S. Govindan and this Committee determines and recommends to the Board, the compensation payable to the Directors. The Chairman of the Committee is selected among the members at the time of each meeting. The committee has no need to meet during the financial year 2013-2014.

The Board of Directors of the Company at their meeting held on 23<sup>rd</sup> May, 2014, have renamed its Remuneration Committee as "Nomination and Remuneration Committee" and have also revised the terms of reference of the said Committee in conformity with the applicable provisions of Section 178 of the Companies Act, 2013 read with the amended Clause 49 of the Listing Agreement:

**Remuneration Policy :**

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

**Remuneration of Directors :**

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

			₹ in lakhs
Name	Remuneration & Perquisites	Sitting Fees	Total
Mr. Suresh Jagannathan	22.12	—	22.12
Mr. V.N. Jayaprakasam	27.33	—	27.33
Mr. Sudarsan Varadaraj	—	0.74	0.74
Mr. K. Gnanasekaran	—	0.54	0.54
Mr. S. Govindan	—	0.80	0.80

The Company does not pay remuneration to any of its Non-Executive Directors except sitting fees.

No commission was paid to Directors during the year.

**(c) Shareholders Committee**

The Committee comprises of the following Directors;

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

The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate shares certificates and looks into the shareholders/ Investor complaints, if any, on transfer of shares, non-receipt of dividend, annual report etc., In addition, the Committee looks into other issues including status of dematerialization/re-dematerialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time. The Compliance Officer for the purpose of the listing agreement is Mr.S.Piramuthu, Company Secretary. The Minutes of Shareholders Committee were placed at the Board Meeting. During the year, no complaint was received from the shareholders. There are no pending complaints as on 31.3.2014.

During the year under review, the Committee met five times to deliberate on various matters referred above.

The Board of Directors of the Company at their meeting held on 23<sup>rd</sup> May, 2014, have renamed its Shareholders Committee as "Stakeholders Relationship Committee" and have also revised the terms of reference of the said Committee in conformity with the applicable provisions of Section 178 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

**Unclaimed shares demat suspense account.**

Pursuant to clause 5A I(g) and 5A II (h) of the listing agreement, Company has opened unclaimed shares demat suspense account with Coimbatore Capital Limited having connectivity with NSDL. Details of unclaimed shares as on 31.3.2014 are as follows;

Opening Number of shareholders	Opening number of shares	Transferred to rightful owner during the year number	Transferred to rightful owner during the year shares	Closing number of shareholders	Closing number of shares
175	1596	Nil	Nil	175	1596

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

**4. 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
2010-11	15.09.2011	10:45 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352
2011-12	16.08.2012	10:45 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352
2012-13	16.09.2013	10:00 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352

**Special Resolutions Passed, if any**

**49th Annual General Meeting** : Resolution u/s 297(a) for entering into a contract with Prokop Eltex India P Ltd., for a period of 5 years commencing from 1.4.2012  
2010-11

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

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

Postal Ballots

Shareholders of the Company passed a special resolution pursuant to section 180(1)(a) of the Companies Act, 2013 on 21<sup>st</sup> April 2014 by way of Postal Ballot to sell/ transfer/ lease/ slump sale or otherwise dispose of the whole of the undertaking of "KLRF Textiles Unit -II" situated at N.Subbiahpuram Village, Sattur Taluk, Virudhunagar District, Tamilnadu.

The Board of Directors at their meeting held on 12<sup>th</sup> March 2014 had appointed Mr. M.D. Selvaraj, Practicing Company Secretary to act as Scrutinizer for conducting the Postal Ballot.

The Postal Ballot was carried out as per the procedure laid down in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. Sri. M.D. Selvaraj had submitted the report thereon on 21<sup>st</sup> April, 2014 and based on the Scrutinizer's Report, the Executive Director declared the result of the voting exercise on 21<sup>st</sup> April, 2014.

The details of postal ballot is given below

Sl No.	Subject	No. of Votes Cast			Date of Declaration
		In favour	Against	Total	
1	Special Resolution under Section 180(1) (a) of the Companies Act, 2013, for the sale/ transfer/ lease/ slump sale of "KLRF Textiles Unit II" a separate undertaking of the Company situated at N. Subbiahpuram Village, Sattur Taluk, Virudhunagar District, Tamil Nadu.	27,31,659	6,433	27,38,092	21.04.2014

As required under Clause 35B of the Listing Agreement, the Company has proposed to provide e-voting / postal ballot (in lieu of e-voting) in respect of all shareholder resolutions to be passed at the ensuing Annual General Meeting.

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

**5. Management Discussion and Analysis Report**

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



## **6. Disclosures**

### **a. Disclosures on materially significant related party transactions**

There are no materially significant related party transactions that would have potential conflict with the interests of the Company at large. Details of related party transactions are given elsewhere in the annual report.

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

The Company has complied with all the requirements of the listing agreement of the Stock Exchange as well as regulations and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, Stock Exchange or any other statutory authority on matters relating to capital markets in the last three years.

### **c. Notes on Whistle Blower Policy**

The Company has adopted a whistle blower policy.

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

The Company has complied with all the mandatory requirements of corporate governance norms as enumerated in Clause 49 of the listing agreement with the stock exchange.

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

The Company adopted the non mandatory requirement of corporate governance recommended under Clause 49 of the Listing Agreement and constituted a remuneration committee comprising of three non executive independent directors.

The Company has not adopted any other non-mandatory requirements.

## **7. Code of Conduct**

The company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on 31 March, 2014. The Company's Managing Director's declaration to this effect forms a part of this report.

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

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

## **9. Means of Communication**

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

As per the requirement of the listing agreement the company has also been filing all the data relating to financial results, shareholding pattern and annual report on the Company's website ([www.klrf.in](http://www.klrf.in))

## **10. General Shareholder information**

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

Date	18.9.2014
Time	10.15 A.M.,
Venue	75/8, Benares Cape Road, Gangaikondan-627352

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

Financial reporting

for the quarter ending June 30, 2014 : First week of August 2014.

for the quarter ending September 30, 2014 : First week of November 2014.

for the quarter ending December 31, 2014 : First week of February 2015.

for the quarter ending March 31, 2015 : End of May 2015.

**B. Book Closure:** 6.9.2014 to 18.9.2014 (both days inclusive)

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

### **D. Listing on Stock Exchanges**

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

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

Annual listing fees for the year 2014-15 were paid to BSE Limited & Madras Stock Exchange Limited.

**STOCK MARKET DATA****Type of Security: Equity****Trading group in stock exchanges:**

BSE Limited - B Group

**Stock Code:**

Scrip ID : KLRF

Scrip Code : 507598

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

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

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

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

**E. Market Price Data**

Month	Bombay Stock Exchange Limited		National Stock Exchange Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April - 2013	30.90	17.20	29.75	25.40
May	26.40	21.50	24.25	24.25
June	24.90	21.30	22.00	20.20
July	24.95	21.15	22.25	21.20
August	24.95	21.05	—	—
September	23.70	20.10	—	—
October	24.50	20.80	—	—
November	24.00	20.85	—	—
December	29.20	21.00	—	—
January - 2014	28.00	24.15	25.95	21.85
February	25.35	19.70	22.10	20.90
March	26.70	20.65	25.00	20.80

**F. Dematerialisation of shares and liquidity as on 31 March, 2014.**

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

**Extent of Dematerialisation**

Name of the Depository	No. of shares	% to total paid-up capital
National Securities Depository Limited	4198599	83.63
Central Depository Services (India) Limited	479435	9.55
Total	4678034	93.18

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

**G. Share transfer registrar & Transfer Agent**

Shareholders are advised to send all their correspondence, transfer/transmission of shares directly to Link Intime India Private Ltd., Branch Office at "Surya" No.35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028.

**H. Share Transfer System**

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

**I. Reconciliation of share capital audit**

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

**J. Distribution of Shareholding as on 31.3.2014**

Shareholding range	No of Holders	% of share holders	No of Shares	% of share holding
1 - 500	4743	87.91	625574	12.46
501 - 1000	349	6.47	282645	5.63
1001 - 2000	163	3.02	251252	5.00
2001 - 3000	46	0.86	119857	2.39
3001 - 4000	16	0.30	57409	1.14
4001 - 5000	19	0.35	86479	1.73
5001 - 10000	29	0.54	211216	4.20
10001 and above	27	0.55	3386212	67.45
<b>Total</b>	<b>5392</b>	<b>100.00</b>	<b>5020644</b>	<b>100.00</b>

**K. Shareholding Pattern as on 31.03.2014**

Particulars	No. of shares held	Percentage of shareholding
Promoter's Holding	2473473	49.26
Directors and their Relatives	20192	0.41
Banks/FIS/Mutual Funds	805	0.02
Private Corporate Bodies	172620	3.44
Insurance Companies	250000	4.98
NRI/OCBs	15165	0.30
Indian Public	2088389	41.59
Total	5020644	100.00

**L. Plant location**

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

**M. Address for correspondence**

Share Transfer and other communications may be addressed to :  
Link Intime India Private Limited (Unit. KLRF Limited) , 'Surya', 35, Mayflower Avenue Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028.  
Phone : 0422 - 2315792, 2314792 Fax : 0422 - 2314792  
E-mail : coimbatore@linkintime.co.in

Investors' complaints may be addressed to :  
The Company Secretary, KLRF Limited, 75/8, Benares Cape Road, Gangaikondan - 627352, Tirunelveli District  
Phone : 0462 - 2486532, Fax 0462 - 2486132  
E-mail : cosec@klrf.in website : www.klrf.in  
Name of the Compliance Officer : Mr. S.Piramuthu, Company Secretary

By Order of the Board

Place : Coimbatore

**Sudarsan Varadaraj**

**Suresh Jagannathan**

Date : 01.08.2014

Director

Managing Director

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

I hereby declare that the Board of Directors of the Company have adopted a code of conduct for Board members and the senior management of the company and the same has also been posted on the website of the Company and that all the Board members and senior management personnel to whom this code of conduct is applicable have affirmed the compliance of code of conduct during the year 2013 - 2014.

By Order of the Board

Place : Coimbatore

**Sudarsan Varadaraj**

**Suresh Jagannathan**

Date : 01.08.2014

Director

Managing Director

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

To

The Members of KLRF Limited

I have examined the compliance of conditions of Corporate Governance by KLRF Limited for the year ended on 31.03.2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me;

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

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

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

Place : Coimbatore

Date : 1.8.2014

P. Marimuthu  
Chartered Accountant  
Membership No.5770

## **INDEPENDENT AUDITOR REPORT**

I have audited the accompanying financial statements of KLRF LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for 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 Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of 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 conducted my audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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

### **Opinion**

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, I give in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, I report that:
  - a. I have 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 appears from my examination of those books and proper returns adequate for the purposes of my audit have been received from the Branches not visited by me. Branch Auditors' reports have been forwarded to me and has been appropriately dealt with.
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. in my opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e. on the basis of written representations received from the directors as on March 31,2014, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2014, from being appointed as a director in terms of /clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Place : Coimbatore  
Date : 23.05.2014

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



**ANNEXURE TO THE AUDITOR'S REPORT**

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

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

11. According to the explanations and information given to me, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
12. In my opinion and according to the informations and explanations given to me, the company has complied with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
13. In my opinion, the company has an internal audit system commensurate with the size and nature of its business.
14. I have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records in the textile and engineering division under section 209 (1) (d) of the Companies Act, 1956 and I am of the opinion that prima facie the prescribed accounts and records have been made and maintained. The cost auditor has done the cost audit of food, textiles and engineering divisions.
15. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
16. According to the information and explanations given to me, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31.03.2014 for a period of more than six months from the date they became payable.
17. According to the information and explanations given to me, disputed statutory dues pending for payment as at 31.3.2014 is ₹ 22.24 lakhs.
18. In my opinion and according to the information and explanations given to me, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders
19. In my opinion the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
20. In my opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable.

***KLRF Limited***

21. In my opinion, the company is not dealing in or trading in shares, securities, debentures and other Investments. Accordingly, the provisions of Clause xiv of para 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
22. In my opinion, on the basis of information the company has not given any guarantees for loans taken by others from banks or financial institutions.
23. Company has not availed term loan during the year from Financial Institutions/ Banks.
24. According to the information and explanations given to me and on an overall examination of the balance sheet of the company, I report that no funds raised on short-term basis have been used for long term investment.
25. The company has not made any preferential allotment of shares during the year and hence the provisions of clause (xviii) of para 4 of this order are not applicable.
26. According to the information and explanations given to me, during the period covered in my audit report the company had not issued any debentures.
27. Accordisng to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the course of my audit.

Place : Coimbatore

Date : 23.05.2014

**P. Marimuthu**

Chartered Accountant

Membership No.5770

**Balance Sheet as at 31<sup>st</sup> March, 2014**

(in ₹)

Particulars	Note No.	31.3.2014	31.3.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share Capital	1	50206440	50206440
(b) Reserves and Surplus	2	174832149	179621397
<b>Non-current liabilities</b>			
(a) Long Term Borrowings	3	106534008	162858768
(b) Deferred tax liabilities (Net)		1928562	1830827
(c) Other Long Term Liabilities	4	332500	312500
<b>Current liabilities</b>			
(a) Short – term borrowings	5	432251692	305320118
(b) Trade payables		123881289	73617068
(c) Other current liabilities	6	62579752	70714862
(d) Short – term liabilities	7	62185944	42405065
TOTAL		<b>1014732336</b>	<b>886887045</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	8	278168200	323460883
(ii) Intangible assets		13294622	665427
(iii) Capital work-in-progress		39568173	39198713
(b) Non Current Investments	9	241040	-
(c) Long -Term Loans and advances	10	20016308	23808331
<b>Current assets</b>			
(a) Inventories	11	406485547	310664281
(b) Trade Receivables	12	197433087	128344959
(c) Cash and Cash equivalents	13	6982995	6295285
(d) Short-term Loans and advances	14	52542364	54449166
TOTAL		<b>1014732336</b>	<b>886887045</b>

Other notes on accounts 22

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 : 23rd May, 2014

**Sudarsan Varadaraj**  
Director

**R. Kannan**  
Chief Financial Officer

For and on behalf of the Board

**Suresh Jagannathan**  
Managing Director

**S. Piramuthu**  
Company Secretary

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014**

(in ₹)

Particulars	Note No.	31.3.2014	31.3.2013
<b>I. Revenue from Operations (gross)</b>	15	<b>2549671141</b>	2187774930
Less : Excise duty		<b>72334393</b>	45557264
Revenue from Operations (Net)		<b>2477336748</b>	2142217666
<b>II. Other Income</b>	16	<b>3031693</b>	1538620
<b>III. Total Revenue (I + II)</b>		<b>2480368441</b>	2143756286
<b>IV. Expenses:</b>			
Cost of material consumed	17	<b>1748418179</b>	1465370952
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	18	<b>(7084993)</b>	(13409438)
Employee benefits expense	19	<b>106766310</b>	101778037
Finance cost	20	<b>74652919</b>	82301100
Depreciation and amortization expense		<b>54127495</b>	51976533
Other expenses	21	<b>498074636</b>	440845515
Total expenses		<b>2474954546</b>	2128862699
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>5413895</b>	14893587
<b>VI. Exceptional items</b>		-	-
<b>VII. Profit/(Loss) before extraordinary items and tax (V - VI)</b>		<b>5413895</b>	14893587
<b>VIII. Extraordinary Items</b>		-	-
Tax expense:			
(1) Current tax		<b>9647087</b>	-
MAT adjustment		-	2973904
(2) Deferred tax – Asset /(-) Liabilities		<b>(97733)</b>	(4743563)
<b>XI Profit/(Loss) for the period from continuing operations (VII-VIII)</b>		<b>(4330925)</b>	13123928
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
<b>XIV Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)</b>		<b>(4330925)</b>	13123928
<b>XV Profit (Loss) for the period (XI + XIV)</b>		<b>(4330925)</b>	13123928
<b>XVI Earnings per equity share:</b>			
(1) Basic		<b>(0.86)</b>	2.61
(2) Diluted		<b>(0.86)</b>	2.61

Other notes on accounts

22

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 : 23rd May, 2014

**Sudarsan Varadaraj**  
Director

**R. Kannan**  
Chief Financial Officer

For and on behalf of the Board

**Suresh Jagannathan**  
Managing Director

**S. Piramuthu**  
Company Secretary

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2014

1. Share Capital	30.03.2014		31.03.2013	
	Number	₹	Number	₹
<b>Authorised</b>				
10% Cumulative Redeemable Preference shares of ₹10/- each	6000000	60000000	6000000	60000000
Equity Shares of ₹10/- each	9000000	90000000	9000000	90000000
	<u>15000000</u>	<u>150000000</u>	<u>15000000</u>	<u>150000000</u>
<b>Issued</b>				
Equity Shares of ₹10/- each	<u>5119598</u>	<u>51195980</u>	5119598	51195980
<b>Subscribed &amp; fully Paid up</b>				
Equity Shares of ₹10/- each	<u>5020644</u>	<u>50206440</u>	5020644	50206440
<b>Total</b>	<u>5020644</u>	<u>50206440</u>	<u>5020644</u>	<u>50206440</u>

98954 partly paid equity shares were forfeited on 25.3.1998 vide board resolution dated 25.3.1998

a. Terms/Rights attached to Equity Shares

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

b. Reconciliation of number of Shares

Shares outstanding at the beginning / closing of the year

Equity Shares	<u>5020644</u>	<u>50206440</u>	<u>5020644</u>	<u>50206440</u>
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c. No shares have been allotted as fully paid up, by way of bonus shares during 5 years immediately preceding 31.3.2014

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

Name of Shareholder	31.3. 2014		31.3. 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sri.Suresh Jagannathan	1094205	21.79	948148	18.88
Cape Flour Mills Private Limited	997935	19.88	1137071	22.65

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

(in ₹)

<b>2. Reserves &amp; Surplus</b>	<b>31.3.2014</b>	31.3.2013
<b>a. Capital Reserves</b>		
Opening/Closing Balance	<b>2071233</b>	2071233
<b>b. Securities Premium Account</b>		
Opening/Closing Balance	<b>164215420</b>	164215420
<b>c. Revaluation Reserve</b>		
Opening Balance	<b>11691343</b>	12142845
Less : Written Back in Current Year	<b>458323</b>	451502
Closing Balance	<b>11233020</b>	11691343
<b>d. General Reserve</b>		
Opening/Closing Balance	<b>99497443</b>	99497443
<b>e. Surplus</b>		
Opening balance	<b>(97854042)</b>	(110977970)
(+) Net Profit/(Net Loss) For the current year	<b>(4330925)</b>	13123928
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
Closing Balance	<b>(102184967)</b>	(97854042)
Total	<b>174832149</b>	179621397

**3. Long Term Borrowings**

<u>Non Current portion</u>		<u>Current maturities</u>	
<u>31.3.2014</u>	31.3.2013	<u>31.3.2014</u>	31.3.2013

**(a) Secured**

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

(i) Canara Bank	<b>12142968</b>	17000152	<b>4857184</b>	4857184
(ii) Indian Overseas Bank	<b>6984000</b>	12223500	<b>6986000</b>	6986000
(iii) Punjab National Bank	<b>24899796</b>	46898334	<b>22042733</b>	29733000
(iv) IDBI Bank Ltd.,	<b>13333336</b>	39999999	<b>26666664</b>	26666667
(v) Vehicle Loan from Indian Overseas Bank, Canara Bank and ICICI Bank Ltd	<b>1664034</b>	4613917	<b>1609054</b>	1913016
Total	<b>59024134</b>	120735902	<b>62161635</b>	70155867

**(b) Unsecured**

Deposits (ref. note no. 5)	<b>47509874</b>	42122866	<b>31208737</b>	32392358
Total	<b>106534008</b>	162858768	<b>93370372</b>	102548225

- a. i). Rupee term loan availed from Canara Bank carries interest @ 12.70% p.a., (base rate+2.50 p.a.,+1% p.a.,). The loan is repayable in quarterly instalment of ₹ 12.14 lakhs each. The interest is payable on quarterly basis. The loan matures in August, 2017. The loan is secured by way of exclusive charge on Land, Buildings and Machineries pertaining to 1 No 1250 KW Wind Mill situated at Parameshwarapuram Village, Tirunelveli District.
- ii). Rupee term loan availed from Indian Overseas Bank carries interest @ 13% p.a., (base rate+2.75% ). The loan is repayable in quarterly instalment of ₹ 17.47 lakhs each. The interest is payable on monthly basis. The loan matures in December, 2015. The loan is secured by way of exclusive charge on Land, Buildings and Machineries pertaining to 1 No 1250 KW Wind Mill situated at Parameshwarapuram Village Tirunelveli District.
- iii). Rupee terms loans availed from Punjab National Bank carries interest @ 14.50 % p.a., (BPLR+0.50%p.a.,). TUF loan interest @ 9.50%p.a., (BPLR+0.50% p.a., - 5 % p.a.,) The interest payable on monthly basis. The loans are repayable on quarterly basis. The loan will mature in October, 2016. The loans are secured by way of pari-passu first charge on Land, Buildings and Machiners except the Wind Mill fixed assets to Canara Bank and Indian Overseas Bank and Land and Buildings of foundry division charged to IDBI Bank Ltd.,
- iv).Rupee term loan availed from IDBI Bank Ltd., carries interest @ 14.25% p.a., ( base rate+4% p.a.,). The loan is repayable on monthly basis. The interest also payable on monthly basis. The loan matures in September, 2015. The loan is secured by exclusive charge on the Land and Buildings of foundry division.
- v). Vechilce loan availed from Canara Bank and ICICI Bank. The loan is repayble on monthly basis.The loans are secured by vehicle.
- b) Deposits are accepted pursuant to provisions of Companies (Acceptance of Deposits) Rules 1975 and having maturity periods of one year two years and three years. Interest payable on quarterly basis @ 11.50% p.a., 12% p.a., and 12.50% p.a., respectively.

(in ₹)

**4. Other Long Term Liabilities**

	<b>31.3.2014</b>	31.3.2013
Security deposits from dealers	<b>332500</b>	312500
Advance received for sale of property	-	-
Total	<b>332500</b>	312500



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

(in ₹)

	31.3.2014	31.3.2013
<b>5. Short Term Borrowings</b>		
<b>a) Secured</b>		
Loans repayable on demand (Guaranteed by Managing Director for working capital loan)		
Open Loan and Packing Credit Loan from Canara Bank	<b>282598962</b>	166821551
Open Loan from Indian Overseas Bank	<b>108443993</b>	106106209
Total	<b>391042955</b>	272927760
<b>b) Unsecured</b>		
Deposits (ref. note no. 3)	<b>31208737</b>	32392358
Other loans	<b>10000000</b>	-
Total	<b>41208737</b>	32392358
Total (a) + (b)	<b>432251692</b>	305320118
1. Working capital loans from Canara Bank carries an interest rate @ 13.70% (base rate+2.50%+1%) and secured by pari-passu first charge on all the current assets and pari-passu second charge on all the immovable assets except those which are having exclusive charge.		
2. Working capital loans from Indian Overseas Bank carries an interest rate @ 13 % (base rate+2.50% and secured by pari-passu first charge on all the current assets and pari-passu second charge on all the immovable assets except those which are having exclusive charge.		
<b>6. Other Current Liabilities</b>		
a) Current maturities of long-term debt	<b>62161635</b>	70155867
b) Unclaimed dividends	<b>418117</b>	558995
Total	<b>62579752</b>	70714862
<b>7. Short Term Liabilities</b>		
Provision for Bonus	<b>2500289</b>	2213833
Outstanding expenses	<b>36502146</b>	32157151
Statutory dues payable	<b>12044429</b>	7406941
Advance from customers	<b>1491993</b>	627140
Income tax provision	<b>9647087</b>	-
Total	<b>62185944</b>	42405065

Notes to Financial Statements (contd.,)

(in ₹)

	Gross Block		Accumulated Depreciation			Net Block	
	Balance as at 1.4.2013	Additions (Disposals)	Balance as at 31.3.2014	Balance as at 1.4.2013	Depreciation charge for the year	On disposals	Balance as at 31.3.2014
<b>8. Fixed Assets</b>			<b>Balance as at 31.3.2014</b>	<b>Balance as at 1.4.2013</b>			<b>Balance as at 31.3.2014</b>
<b>Tangible Assets (Not Under Lease)</b>							
Land	15558579	-	15558579	-	-	-	15558579
Buildings	111744213	226837	111971050	44924201	3237077	-	63809772
Plant and Equipment	819334517	7626530	824238194	601735105	47301645	2504533	177705977
Furniture and Fixtures	4275926	35590	4260579	2826534	49074	-	1384971
Vehicles	17530076	1776384	14779199	5992589	1244011	468595	8011194
Office equipment	16671919	1404404	18053923	12529508	201818	22855	5345452
Electrical Equipment	15910963	936355	16819913	14207114	210417	26035	2428417
Mould & Pattern	8626716	-	8626716	3976975	725903	-	3923838
<b>Total (a)</b>	1009652909	12006100	1014308153	686192026	52969945	3022018	278168200
<b>Intangible Assets</b>							
Computer software & dedicated feeder line	794160	14245068	15039228	128733	1615873	-	13294622
<b>Total (b)</b>	794160	14245068	15039228	128733	1615873	-	13294622
<b>Capital Work In Progress</b>	39198713	369460	39568173	-	-	-	39568173
<b>Total (c)</b>	39198713	369460	39568173	-	-	-	39568173
<b>Total (a+b+c)</b>	1049645782	26620628	1068915554	686320759	54585818	3022018	737884559

54585818  
458323

**54127495**

Total depreciation for the year  
Less : Transferred to revaluation reserve  
Depreciation charged in Statement of Profit and Loss A/c

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

(in ₹)

	31.3.2014	31.3.2013
<b>9. Non Current Investments</b>	<b>241040</b>	-
<b>Trade Investments</b>	<b>241040</b>	-
Investment in Equity Instruments	-	-
<b>Total</b>	<b>241040</b>	-

(in ₹)

Particulars	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. of Shares/ Unit	Quoted/ unquoted	Partly Paid/ Fully Paid	Extent of Holding (%)		Rupees		Basis of Valuation
					2014	2013	2014	2013	
1	2	3	5	6	7	8	9	10	11
Investment in Equity Instruments									
Cape Power Private Limited	—	1800	Unquoted	Fully paid	<b>18%</b>	—	<b>18000</b>	—	Cost
Suryadev Alloys and Power Private Limited	—	1640	Unquoted	Fully paid	—	—	<b>223040</b>	—	Cost
<b>Total</b>							<b>241040</b>		

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

(in ₹)

	31.3.2014	31.3.2013
<b>10. Long Term Loans and Advances</b>		
<b>Security Deposits</b>		
Unsecured, considered good	<b>20016308</b>	23808331
Total	<b>20016308</b>	23808331
<b>11. Inventories (Valued at lower of cost and net realizable value)</b>		
Raw Materials and components	<b>275375622</b>	183884273
Work-in-progress	<b>23464720</b>	23024098
Finished goods	<b>88586529</b>	83817707
Stores and spares	<b>11068375</b>	13823451
Impurities, Runner and Riser	<b>3372616</b>	2871644
Gunnies	<b>4617685</b>	3243108
Total	<b>406485547</b>	310664281
<b>12. Trade Receivables</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	<b>197247145</b>	128179303
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	<b>185942</b>	165656
Total	<b>197433087</b>	128344959
<b>13. Cash and cash equivalents</b>		
a. Balances with bank – current account	<b>160933</b>	371840
b. Cash on hand	<b>1373824</b>	1150016
c. Earmarked Balances		
Unpaid dividend deposit account	<b>5030121</b>	558995
Bank deposits with more than 12 months maturity	<b>418117</b>	4214434
Total	<b>6982995</b>	6295285
<b>14. Short-term loans and advances</b>		
Unsecured, considered good		
Interest Receivables	<b>713004</b>	211626
Advance for purchases	<b>2702075</b>	9473839
Prepaid expenses	<b>6486102</b>	5790685
Receivables	<b>8597516</b>	10150412
Other advances	<b>7475457</b>	8010141
Taxes paid	<b>23594306</b>	17838559
MAT credit entitlement	<b>2973904</b>	2973904
Total	<b>52542364</b>	54449166

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

(in ₹)

<b>15. Revenue from operations</b>	<b>31.3.2014</b>	31.3.2013	
a) Sale of products			
Wheat, wheat products and impurities	<b>1279827945</b>	1164782885	
Yarn and waste cotton	<b>599807614</b>	596236216	
Sheet metal components	<b>57913669</b>	57247146	
Castings	<b>600874702</b>	357227061	
b) Sale of services – fabrication charges	<b>3452742</b>	2794073	
c) Other operating revenues – sale of scrap and gunnies	<b>7794469</b>	9487549	
Sale of products and services (Gross) – Total	<b>2549671141</b>	2187774930	
d) Less : Excise duty	<b>72334393</b>	45557264	
Total	<b>2477336748</b>	2142217666	
<b>16. Other Income</b>			
Dividend Income	<b>4500</b>	-	
Interest Income	<b>2179286</b>	1933976	
Net gain / (Loss) on sale of fixed assets	<b>(314967)</b>	(2670868)	
Other non-operating income – Miscellaneous Income	<b>1162874</b>	2275512	
Total	<b>3031693</b>	1538620	
<b>17. Cost of material consumed</b>			
Wheat	<b>1094984727</b>	949605781	
Cotton	<b>396268994</b>	355709096	
Iron Materials	<b>257164458</b>	160056075	
Total	<b>1748418179</b>	1465370952	
<b>18. Changes in Inventories of finished goods and work in progress</b>	<b>31.3.2014</b>	31.3.2013	<b>Increase / Decrease</b>
<b>Inventory at the end of the year</b>			
Work-in-Progress			
Cotton	<b>20953413</b>	16945940	<b>(4007473)</b>
Iron Materials and Sheet Metal Components	<b>2511307</b>	6078158	<b>3566851</b>
Finished Goods			
Wheat products	<b>29958210</b>	24560979	<b>(5397231)</b>
Yarn	<b>40137694</b>	39565515	<b>(572179)</b>
Castings & Sheet Metal Components	<b>26480926</b>	25805965	<b>(674961)</b>
Total	<b>120041550</b>	112956557	<b>(7084993)</b>

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

**18. Changes in Inventories of finished goods and work-in-progress (Contd.)**

(in ₹)

**31.3.2014    31.3.2013    Increase / Decrease**

**Inventory at the beginning of the year**

Work-in-Progress

Cotton **16945940** 10100146 (6845794)

Iron Materials and Sheet Metal Components **6078158** 7964602 1886444

Finished Goods

Wheat products **24560979** 18300942 (6260037)

Yarn **39565515** 46303706 6738191

Castings and Sheet Metal Components **25805965** 16877723 (8928242)

Total **112956557** 99547119 (13409438)

**19. Employees Benefit Expenses**

**31.3.2014    31.3.2013**

Directors remuneration and fees **5153104** 4278675

Salaries, Wages and Bonus **88877878** 85090872

Contribution to PF and other Funds **7290885** 6950903

Employees' Welfare **4944443** 3939149

Gratuity **500000** 1518438

Total **106766310** 101778037

**20. Finance cost**

Interest expense - Banks and Institutions **59024914** 64954337

Interest expense - Fixed deposits and others **14161922** 15550633

Other borrowing costs **1466083** 1796130

Total **74652919** 82301100

**21. Other Expenses**

Fabrication Charges **78019505** 43622174

Power and Fuel **164099130** 169046463

Stores, Spares and Packing Materials **95914301** 83986613

Repairs to Machineries **65475685** 69032803

Factory Maintenance and Buildings Repairs **14248789** 11110388

Commission and Discount **9791610** 7967263

Freight **23548723** 15614795

Insurance **2558118** 2668808

Auditor's Fees and Expenses **1730951** 1408719

Rent and Office Maintenance **4254223** 3186294

Rates and Taxes **5940637** 5220591

Advertisement and Sales Promotion Expenses **1671269** 4061346

Donation **113040** -

Miscellaneous Expenses **12175** 13555

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

**21. Other Expenses (Contd.)**

	<b>31.3.2014</b>	<b>31.3.2013</b>
	<b>(in ₹)</b>	
Water Charges and Maintenance	<b>54510</b>	62613
Printing and Stationery	<b>1086564</b>	1147510
Postage, Telegram and Telephones	<b>1541442</b>	1532945
Subscription and Periodicals	<b>434726</b>	561099
Vehicle Maintenance	<b>2209414</b>	2517528
Travelling	<b>10098423</b>	9592298
Filing Fees	<b>13350</b>	11530
Legal Expenses and Professional Charges	<b>9503729</b>	4493693
Enlisting Fees	<b>39751</b>	40316
Furniture and Other Repairs	<b>113885</b>	17678
Lighting	<b>330499</b>	379102
Data Processing	<b>1136391</b>	1308030
Yarn Conversion Charges	<b>1710516</b>	1270469
Pollution Control Expenses	<b>250156</b>	423621
Bank Commission	<b>416981</b>	547271
Bad debts written off	<b>1756143</b>	-
TOTAL	<b>498074636</b>	440845515

**22. NOTES ON ACCOUNTS**

**1 Significant Accounting Policies**

**a. METHOD OF ACCOUNTING**

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

**b FIXED ASSETS**

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

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

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

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

**c INVENTORIES**

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

## Notes on Accounts (Contd.,)

### d INVESTMENTS

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

### e FOREIGN CURRENCY TRANSACTION

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

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

### f EMPLOYEES BENEFITS

Future liability towards gratuity to employees is determined on the basis of actuarial valuation as at the year end and funded through separate approved trust 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.

		31.3.2014	31.3.2013
2	Number of employees who are in receipt or entitled to receive emoluments amounting in aggregate ₹ 5,00,000/- or more per month	Nil	Nil
3	<b>Contingent Liabilities</b> Claims, Excise and Customs Duty, Taxes and other matter-not acknowledged by the Company		
	a) Guarantees by Banks	Nil	Nil
	b) Claims against the company not acknowledged as debts	2223758	3123758
4	Income tax appeals are pending before the Supreme Court for the Assessment years 1991-92 to 1993-94, 1995-96 and 1996-97 Commercial tax and levy of PF damages are pending in appeal.		



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

(in ₹)

Sl.No.	Particulars	31.3.2014	31.3.2013		
5	<b>Expenditure in foreign currency :</b>				
	a) Foreign travel	<b>1881246</b>	2602696		
	b) Others	-	-		
6	<b>Value of imports on c.i.f. basis</b>				
	a) Raw Material	<b>5645735</b>	4793776		
	b) Spares	-	6566382		
	c) Machinery	-	382873		
7	<b>Earnings in foreign exchange :</b>				
	a) Export of goods on f.o.b. basis	<b>9992771</b>	42980170		
	b) Commission Received	<b>Nil</b>	Nil		
		<b>31.03.2014</b>	31.03.2013		
8	Raw material consumed	<b>Value</b>	<b>%</b>	Value	%
	Wheat				
	Indigenous	<b>1094984727</b>	<b>62.63</b>	949605781	64.80
	Imported	-	-	-	-
	Cotton				
	Indigenous	<b>396268994</b>	<b>22.66</b>	355709096	24.27
	Imported	-	-	-	-
	Iron Materials				
	Indigenous	<b>251518723</b>	<b>14.39</b>	155262299	10.60
	Imported	<b>5645735</b>	<b>0.32</b>	4793776	0.33
	Total	<b>1748418179</b>	<b>100.00</b>	1465370952	100.00
9	<b>Audit fees and expenses :</b>	<b>31.3.2014</b>	31.3.2013		
	Statutory Audit Fees	<b>419000</b>	374000		
	Statutory Cost Audit Fees	<b>107000</b>	77000		
	Fees for other services and expenses	<b>397951</b>	237719		
	Internal Audit Fees	<b>390000</b>	348000		
	Branch Audit Fee	<b>417000</b>	372000		
	Total	<b>1730951</b>	1408719		
10	<b>Licensed and installed capacity :</b>				
	Flour Mill Division	Installed M.T	<b>74000</b>	74000	
	Textile Division	Installed Spindles	<b>29520</b>	29520	
		Installed Rotors	<b>2760</b>	2760	
	Foundry	Installed M.T	<b>9600</b>	9600	

**Notes on Accounts (Contd.)**

(in ₹)

Sl.No.	Particulars	31.3.2014	31.3.2013
11	Actual production meant for sale :		
	a) Wheat Milled M.T	<b>55923</b>	56940
	Products obtained M.T	<b>55264</b>	56258
	b) Cotton		
	Consumed Kgs.	<b>4210064</b>	4178109
	Products obtained Kgs.	<b>3241630</b>	3315283
	c) Iron material		
	Consumed M.T	<b>7858</b>	4417
	Products obtained M.T	<b>7805</b>	4295
12	Opening and closing stock of finished goods :		
	a) Wheat Products		
	Opening Stock M.T	<b>893</b>	840
	Closing Stock M.T	<b>992</b>	893
	b) Cotton yarn		
	Opening Stock Kgs.	<b>225726</b>	216255
	Closing Stock Kgs.	<b>203939</b>	225726
	c) Iron materials		
	Foundry Returns		
	Opening Stock M.T	<b>96</b>	167
	Closing Stock M.T	<b>73</b>	96
	Finished goods		
	Opening Stock M.T	<b>298</b>	157
	Closing Stock M.T	<b>331</b>	298
13	Earning per share		
	Profit after taxes	<b>(4330925)</b>	13123928
	Fully paid shares of ₹10/- each	<b>5020644</b>	5020644
	Earning per share	<b>(0.86)</b>	2.61

14 During the year the Company has accounted for the deferred taxation which represents the amount determined and considered upto the Balance Sheet date, in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India, to neutralise the tax effect of "timing differences" between taxable income & depreciation and accounting income & depreciation that originate in one period and are capable of reversal in subsequent periods.

15 Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information and evidence available with the company, there are no dues to micro and small enterprises, outstanding as on 31.03.2014.

**Notes on Accounts (Contd.,)****16 Related Party Disclosure**

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

Sl. No	Name of the party	Relationship	Nature of Transaction	(in ₹)
1	The Lakshmi Textile Suppliers	Director interested concern	Purchase of electrical goods	874298
2	Ellargi & Co.,	Director interested concern	Purchase of fuel	95340
3	Cape Flour Mills P Ltd.,	Director interested concern	Purchase of power Service - Trade mark permission Sale of sheet metal components Rent received	NIL 165000 NIL NIL
4	Mckinnon India P Ltd.,	Director interested concern	Purchase of scrap Sale of sheet metal components and castings	184693 4132693
5	Super Springs P Ltd.,	Director interested concern	Purchase of scrap Sale of sheet metal components	1142934 617967
6	Prokop Eltex Inida P Ltd.,	Director interested concern	Purchase of flour mill machineries and sale of sheet metal components	476485
7	Cape Power Private Ltd.,	Director interested concern	Purchase of power	1671824

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

(₹ in lakhs)

**17 Segment Reporting**

Sl. No.	Information about primary, Segments - Business Segments	Food Division	Textile Division	Engineering Division	Total
1	Revenue	12829.21	5998.65	5945.51	24773.37
2	Segment Results - Operating Profit	717.42	(180.66)	263.90	800.66
	Less : Finance Cost	178.50	398.94	169.08	746.52
	Add : Other unallocable income net of un allocable expenditure	-	-	-	-
	Net Profit before Tax	538.92	(579.60)	94.82	54.14
3	Capital Employed (Segment Assets - Segment Liabilities)	3560.24	2921.26	2855.50	9337.00
	Unallocable corporate assets less corporate liabilities	-	-	-	810.32
	Total Capital Employed	-	-	-	10147.32

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

₹ in lakhs

	As at <b>31.3.2014</b>	As at 31.3.2013
Defined Benefit Plans : Gratuity		
a) Changes in present value of obligations		
Present value of benefit obligations at the beginning of the year	<b>114.82</b>	116.24
Interest cost	<b>9.18</b>	9.30
Current service cost	<b>3.46</b>	4.76
Benefits paid	<b>(9.94)</b>	(17.90)
Actuarial (gain) / loss on benefit obligation	<b>(17.47)</b>	2.42
Present value of benefit obligations at the end of the year	<b>100.05</b>	114.82
b) Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	<b>123.21</b>	116.24
Expected return on plan assets	<b>10.87</b>	9.69
Contributions	<b>5.00</b>	15.18
Actuarial gain / loss on plan assets	-	-
Benefits paid	<b>(9.94)</b>	(17.90)
Fair value of plan assets at the end of the year	<b>129.14</b>	123.21
c) Actuarial gain / loss recognised		
Actuarial gain / loss for the year - obligation	<b>17.47</b>	2.42
Actuarial gain / loss for the year - plan assets	-	-
Total gain / loss recognised in the financial Year	<b>17.47</b>	2.42

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

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

	As at <b>31.3.2014</b>	₹ in lakhs As at 31.3.2013
d) Expenses recognised in statement of profit and loss		
Interest cost on benefit obligations	<b>9.18</b>	14.72
Service cost on benefit obligations	<b>3.46</b>	4.76
Expected return on plan assets	<b>(10.87)</b>	(9.69)
Net gain / loss recognised in the statement of profit and loss	<b>17.47</b>	2.42
Expenses recognised in statement of profit and loss	<b>19.24</b>	12.21
e) Liabilities recognised in the balance sheet		
Present value of benefit obligations at the end of the financial year	<b>100.05</b>	114.82
Fair value of plan assets	<b>129.14</b>	123.21
Funded status	<b>29.09</b>	8.39
Net assets/ liabilities recognised in balance sheet	<b>29.09</b>	8.39
f) Actuarial Assumptions		
Discount rate	<b>8.00%</b>	8.00%
Expected return on plan assets	<b>9.15%</b>	9.15%
Salary increase	<b>6.50%</b>	6.00%

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

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The accompanying notes are an integral part of financial statements

**P.Marimuthu**

Chartered Accountant  
Membership No.5770

Place : Coimbatore  
Date : 23rd May, 2014

**Sudarsan Varadaraj**  
Director

**R. Kannan**  
Chief Financial Officer

For and on behalf of the Board

**Suresh Jagannathan**  
Managing Director

**S. Piramuthu**  
Company Secretary

**KLRF Limited**

**Cash Flow Statement for the year ended 31st March, 2014**

₹ in lakhs

	31.3.2014		31.3.2013
<b>a CASH FLOW FROM OPERATING ACTIVITIES</b>			
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	54.14		148.94
Adjustments for			
Depreciation	541.28	519.77	
Investments	0.74	26.71	
Dividend	(0.05)	-	
Finance Cost (net)	746.53	803.67	
	<u>1288.50</u>		<u>1350.15</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1342.64		1499.09
Adjustments for			
Trade and other receivables	(671.81)	(288.72)	
Inventories	(958.21)	627.71	
Trade Payables and other liabilities	619.10	353.17	692.16
Cash generated from operations	<u>331.72</u>		<u>2191.25</u>
Less : Finance cost (net)	746.53	803.67	
Less : Direct Taxes	97.45	(17.69)	785.98
Cash flow before extraordinary items	<u>(512.26)</u>		<u>1405.27</u>
Extraordinary Items			-
Net cash from operating activities	<u>(512.26)</u>		<u>1405.27</u>
<b>b CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	(260.24)	(182.06)	
Sale of Fixed Assets	37.55	33.16	
Purchase/sale of Investment (Net)	(2.41)	-	
Deferred Revenue Expenditure	-	-	
Dividend Received	0.05	(225.05)	(148.90)
Net cash used in investing activities	<u>(225.05)</u>		<u>(148.90)</u>
<b>c CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short term borrowings	1269.32	(203.25)	
Long term borrowings	(563.05)	(1042.35)	
Long term loans and advances	37.92	(27.51)	
Dividend paid	-	-	
Tax on dividend	-	-	
	<u>744.19</u>		<u>(1273.11)</u>
Net increase in cash and cash equivalents (a+b+c)	<u>6.88</u>		<u>(16.74)</u>
Cash and cash equivalents at the beginning of the year	62.96		79.70
Cash and cash equivalents at the close of the year	69.84		62.96

For and on behalf of the Board

**Sudarsan Varadaraj**  
Director

**Suresh Jagannathan**  
Managing Director

**R. Kannan**  
Chief Financial Officer

**S. Piramuthu**  
Company Secretary

**AUDITOR'S CERTIFICATE**

I have verified the above cash flow of KLRF Limited, Gangaikondan derived from the audited annual financial statement for the years 31st March, 2014 and 31st March, 2013 and found the same to be drawn in accordance therewith and also with the requirement of Clause 32 of the Listing Agreements with Stock Exchanges.

Place : Coimbatore  
Date : 23rd May, 2014

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







**PROXY FORM**

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

***KLRF Limited***

CIN : L15314TN1961PLC004674

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

Telephone : 0462-2486532, Fax : 0462-2486132

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

**52<sup>nd</sup> ANNUAL GENERAL MEETING**

**18<sup>th</sup> September, 2014**

Name of the member(s):

Registered address:

E-mail ID:

Folio No/Client ID:

DP ID:

I/We being the member(s) of \_\_\_\_\_ shares of KLRF Limited, hereby appoint:

1) Name:.....Address.....
Email ID.....Signature.....or failing him;

2) Name:.....Address.....
Email ID.....Signature.....or failing him;

3) Name:.....Address.....
Email ID.....Signature.....or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 52<sup>nd</sup> Annual General Meeting of the Company, to be held on **Thursday, September 18, 2014 at 10.15 A.M** at **Registered Office of the Company, at 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli District** and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

P.T.O.

S.No	Resolutions	Optional *	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of the financial statements for the year ended 31 <sup>st</sup> March, 2014	<input type="checkbox"/>	<input type="checkbox"/>
2	Appointment of director in place of Sri. V.N. Jayaprakasam who retires by rotation, and being eligible, offers himself for re-appointment.	<input type="checkbox"/>	<input type="checkbox"/>
3	Appointment of an Auditor and fix his remuneration	<input type="checkbox"/>	<input type="checkbox"/>
<b>Special Business</b>			
4	To appoint M/s Haribhakti & Co LLP, Chartered Accountants as Branch Auditor of the Company to audit the books of accounts of both the Sheet Metal and Foundry Division, Coimbatore at a remuneration of ₹ 4,63,000/-	<input type="checkbox"/>	<input type="checkbox"/>
5	Appointment of Sri. R. Kannan (DIN 00951451) as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
6	Appointment of Sri. R. Kannan (DIN 00951451) as Whole Time Director of the Company (Designated as "Executive Director cum Chief Financial Officer") for a period of five years with effect from 1st July, 2014	<input type="checkbox"/>	<input type="checkbox"/>
7	Appointment of Sri.S.Govindan (DIN 00003636) as an Independent Director	<input type="checkbox"/>	<input type="checkbox"/>
8	Appointment of Sri.Sudarsan Varadaraj (DIN 00133533) as an Independent Director	<input type="checkbox"/>	<input type="checkbox"/>
9	Appointment of Sri. K. Gnanasekaran (DIN 00133645) as an Independent Director	<input type="checkbox"/>	<input type="checkbox"/>
10	Authorisation of borrowing powers of the Board under Section 180(1)(c) of the Companies Act, 2013	<input type="checkbox"/>	<input type="checkbox"/>
11	Authorisation to create charge on the assets of the Company pursuant to section 180(1)(a) of the Companies Act, 2013	<input type="checkbox"/>	<input type="checkbox"/>
12	Authorisation to convert the unissued 30,00,000 10% cumulative redeemable preference shares into 30,00,000 equity shares of ₹ 10/- each and to amend the Clause V of the Memorandum of Association and article 3 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
13	To amend the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2014

Signature of Shareholder .....

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

<p>Affix Revenue Stamp not less than ₹ 0.15</p>
---

**Notes**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, explanatory statements and Notes please refer to the Notice of the 52<sup>nd</sup> Annual General Meeting.
3. It is optional to put "—" in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Please complete all details including details of member(s) in the above box before submission.

# ***KLRF Limited***

CIN : L15314TN1961PLC004674

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

Telephone : 0462-2486532, Fax : 0462-2486132

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

## **Fifty Second Annual General Meeting 18th September, 2014**

### Attendance Slip

For Demat Shareholders

Name & Address of the Shareholder	DP Client ID	No. of Shares held

For Physical Shareholders

Name & Address of the Shareholder	Regd. Folio No.	No. of Shares held

I hereby record my presence at the 52nd Annual General Meeting of the Company at 10.15 a.m. at the Registered Office of the Company 75/8, Benares Cape Road, Gangaikondan – 627352 on Thursday, the 18<sup>th</sup> September, 2014.

If Shareholder, please sign here	If Proxy, please sign here

Note:

- 1) Members attending the meeting in person or by Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting room.
- 2) Members are requested to bring their copy of Annual Report to the meeting.







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## **POSTAL BALLOT FORM (in lieu of E-voting)**

(Please read the instructions printed overleaf carefully before completing this form)

1. Registered Folio No./ DP ID No. & Client ID No. * *(Applicable to investors holding shares in dematerialized form)
2. Name(s) and Registered Address of the sole/first named Shareholder/Beneficial owner, including Joint holder(s), if any (in block letters)
3. Number of shares held

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed through e-voting /Postal Ballot for the business stated in the notice for 52<sup>nd</sup> Annual General Meeting to be held on 18<sup>th</sup> September, 2014 by conveying my/our assent or dissent to the said Resolution(s) by placing the tick(✓) mark at the appropriate box below:

Sl. No.	Resolution	No. of Shares held	Nature of Voting Please tick (✓) in appropriate box below	
			For	Against
	<b>Ordinary Resolution</b>			
1	Adoption of Annual Financial Statements as on 31 <sup>st</sup> March,2014		<input type="checkbox"/>	<input type="checkbox"/>
2	Appointment of a Director in the place of Sri. V.N. Jayaprakasam, who retires by rotation, and being eligible, offers himself for re-appointment.		<input type="checkbox"/>	<input type="checkbox"/>
3	Appointment of Statutory Auditor and fixing his remuneration		<input type="checkbox"/>	<input type="checkbox"/>
4	Appointment of M/s Haribhakti & Co LLP, Chartered Accountants as Branch Auditor of the Company to audit the books of accounts of both the Sheet Metal and Foundry Division, Coimbatore at a remuneration of Rs. 4,63,000/-		<input type="checkbox"/>	<input type="checkbox"/>
5	Appointment of Sri. R. Kannan as a Director of the Company		<input type="checkbox"/>	<input type="checkbox"/>
6	Appointment of Sri. R. Kannan as Whole Time Director of the Company (Designated as "Executive Director cum Chief Financial Officer") for a period of five years with effect from 1 <sup>st</sup> July, 2014.		<input type="checkbox"/>	<input type="checkbox"/>
	<b>Special Resolution</b>		<input type="checkbox"/>	<input type="checkbox"/>
7	Appointment of Sri. S. Govindan as an Independent Director		<input type="checkbox"/>	<input type="checkbox"/>
8	Appointment of Sri.Sudarsan Varadaraj as an Independent Director		<input type="checkbox"/>	<input type="checkbox"/>
9	Appointment of Sri. K. Gnanasekaran as an Independent Director		<input type="checkbox"/>	<input type="checkbox"/>
10	Authorisation to borrow upto a limit Rs.150 Crores pursuant to section 180(1)(c) of the Companies Act, 2013		<input type="checkbox"/>	<input type="checkbox"/>
11	Authorisation to create Charge on the assets of the Company pursuant to section 180(1)(a) of the Companies Act, 2013		<input type="checkbox"/>	<input type="checkbox"/>
12	Conversion of the unissued 30,00,000 10% cumulative redeemable preference shares into 30,00,000 equity shares of Rs.10/- each and to amend the clause V of the Memorandum of Association and article 3 of the Articles of Association.		<input type="checkbox"/>	<input type="checkbox"/>
13	Amendment of the Articles of Association		<input type="checkbox"/>	<input type="checkbox"/>

Note: Last date for receipt of postal ballot forms by Scrutiniser is 15<sup>th</sup> September 2014.

Place :

Date :


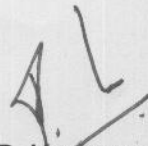

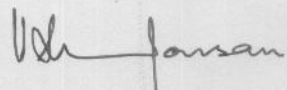
Signature of shareholder  
(Refer instruction No.4. over leaf)

## **INSTRUCTIONS:**

1. In terms of Clause-35B of the Listing Agreement, those members, who do not have access to e-voting facility provided by the Company for the AGM may send their assent or dissent in writing on the Postal Ballot Form. Accordingly, this Postal Ballot Form is being provided as per Clause 35B of the Listing Agreement.
2. A member desiring to exercise his/her vote by Postal Ballot Form should complete this Postal Ballot Form, sign and send in the enclosed self addressed Business Reply Envelope so as to reach the Scrutiniser as per instruction 6 below at the address Sri. M.D. Selvaraj, Practising Company Secretary, MDS Associates, Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028. Postage will be borne and paid by the Company. Envelopes containing Postal ballots, if deposited in person or sent by courier at the expense of the members will also be accepted.
3. The self addressed envelope bears the name of the Scrutinizer appointed by the Board of Directors of the Company and the address at which the Postal Ballot Form is to be sent.
4. The postal ballot form should be completed and signed by the members. In the case of joint shareholding, this form should be completed and signed by the first named member and in his absence, by the next named member(s). Unsigned postal ballot forms will be rejected. The signature on the postal ballot form must tally with the specimen signature registered with the Company.
5. Where the Postal ballot form has been signed by an Authorised Representative of a body corporate, a certified copy of the relevant authorizations to vote on the postal ballot should accompany the postal ballot form. A member may sign the form through an Attorney appointed specifically for this purpose, in which case an attested true copy of the Power of Attorney should be attached to the postal ballot form.
6. Duly Completed postal ballot forms should reach the Scrutiniser not later than 5.00 p.m on 15<sup>th</sup> September, 2014. Any postal ballot form received after this time and date will be treated as if the reply from the member has not been received.
7. A member may request for a duplicate postal ballot form, if so required. However, the duly filled in duplicate postal ballot form should reach the Scrutiniser not later than the time and date specified at Item No.6 above.
8. Voting rights will be reckoned on the paid up value of shares registered in the name of the member on 8<sup>th</sup> August, 2014 which is the cutoff Date fixed for this purpose.
9. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self addressed postage prepaid envelope in as much as all such envelopes will be sent to the Scrutiniser and any extra paper found in such envelope would be destroyed by the Scrutinizer.
10. There will be only one postal ballot form for every folio irrespective of the number of joint member(s)
11. A member need not use all the votes nor does he need to cast all the votes in the same way.
12. The Scrutinizer's decision on the validity of a postal ballot will be final and binding.
13. Incomplete, unsigned or incorrect postal ballot forms will be rejected.
14. The date of AGM will be the deemed date of passing resolution(s) through e-voting/postal ballot.
15. The right of vote under e-voting and postal ballot shall not be exercised by a proxy.



## FORM A

1	Name of the Company	KLRF LIMITED
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not applicable
5	Signed by	
	Managing Director	 Suresh Jagannathan
	Chief Financial Officer	 R.Kannan
	Auditor of the company	 P. Marimuthu Statutory Auditor of the Company
	Audit Committee Chairman	 Sudarsan Varadaraj