

## **NOTICE**

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

### **ORDINARY BUSINESS**

1. To consider and adopt the Balance Sheet as at 31.03.2012 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors and Auditor thereon.
2. To appoint a Director in the place of Mr.K.Gnanasekaran who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr.S.Govindan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint an Auditor and fix his remuneration.

### **SPECIAL BUSINESS**

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

“Resolved that pursuant to Section 228 (3) of the Companies Act, 1956 M/s Haribhakti & Co., Chartered Accountants, Coimbatore (Registration No.103523W) be and are hereby appointed as Branch Auditor of the Company to hold office upto the conclusion of the next Annual General Meeting to audit the books of accounts of both the Sheet Metal and Foundry Division, Coimbatore for the financial year 2012 – 2013 on a remuneration of Rs.3,72,000/- (Rupees three lakhs seventy two thousands only) excluding applicable taxes and out of pocket expenses incurred in connection with the audit.”

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

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

**Remuneration**

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

0.5% as commission on the Net Profit of the Company computed in accordance with Sections 198, 309 and 349 of the Companies Act, 1956 subject to a maximum of Rs.5 lakhs.

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

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

Provision of telephone and car for official use.

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

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

**Item No.5**

As per Section 228 (3) of the Companies Act, 1956, Branch Auditor is required to be appointed at the General Meeting. Accordingly, Branch Auditor is being appointed at every annual general meeting for the respective financial year to audit the accounts of the Coimbatore branches of our Company.

The proposed resolution set out in Item No.5 of the Notice seeks the authorization of the members to appoint Branch Auditor for the financial year 2012-2013.

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

**Item No.6**

The present tenure of Mr.V.N.Jayaprakasam, Executive Director shall be expiring by 30<sup>th</sup> June, 2012. The Board of Directors consider that it will be in the interest of the company to continue to have the benefits of the service and advice of the Executive Director. In view of the knowledge and experience in the Industry, the Company can utilize his services for the future growth by the proposed re-appointment as Executive Director for another term of two years with effect from 1.7.2012.

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

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

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

**I. General Information**

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

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

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5. Export performance and net foreign exchange collaborations.	: Year ended	<b>31.3.2012</b>	31.3.2011 (Rs.in lakhs)
	Foreign Exchange		
	Used	<b>175.03</b>	98.80
	Earned	<b>696.31</b>	121.12
6. Foreign Investments or collaborators, if any.	: NIL		

**II. Information about the appointee**

1. Background details : Mr. V.N.Jayaprakasam aged 74 years was appointed as Executive Director from 1.7.2012 for two years. He is a science graduate and has a diploma in flour mill technology. He has been on the Board of Directors since 1996.
2. Past remuneration : Salary : Rs.90,000/- with an annual increment of Rs.7500/-  
Commission : 0.50% of the net profit of the company subject to a maximum of Rs.5.00 lakhs  
Perquisites : 30% of the salary
3. Recognition or awards : NIL
4. Job Profile and his suitability : Mr.V.N.Jayaprakasam is responsible for the administrative and technical operation of the Company and is best suited for the current scenario.
5. Remuneration proposed : As set out in the resolution
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would w.r.t. the country of origin) : Taking into consideration the size of the Company, profile of the Mr. V.N.Jayaprakasam, responsibility shouldered on him and the industry standard the remuneration proposed to be paid are commensurate with the remuneration packages paid to Managerial Personnel
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personal, if any. : Besides the remuneration proposed to be paid to the Executive Director, he does not have any other pecuniary relationship with the Company or relationship with the Managerial personnel.

**III. Other Information**

1. Reasons of loss or inadequate profits : Textile industry in the country has gone through a difficult phase last year. Frequent policy changes have resulted in high volatility in the markets and erosion of confidence. Set back in power availability and its cost have added to the woes of this industry. These factors have lead to the unfavourable operations of the textile division. Severe restriction in power availability has impacted the productivity of engineering divisions. General slowdown in industrial activity, particularly in the user segments of this division has affected the profitability.
2. Steps taken or proposed to be taken for improvement. : Availability of good cotton at favourable prices and anticipated improvement in power availability are positive indications for revival of Textile Division. Improved power availability and revival of capital goods, automotive industries might improve the operations and profitability of engineering division.
3. Expected increase in productivity and profits in measurable terms. : There are signs of revival in economic activity which should lead to improved prospects during the year.

**IV. Disclosures**

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

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**Notes :**

- 1. A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.**
- 2. Instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
3. The register of members and share transfer books of the Company will remain closed from 6<sup>th</sup> August to 16<sup>th</sup> August, 2012 (both days inclusive).
4. Pursuant to Section 205-A, of the Companies Act, 1956, unclaimed dividends up to and including financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants relating to financial year(s) upto and including 1994 – 95 may claim the same from the Registrar of Companies, No.26, Haddows Road, Chennai – 600006 in the prescribed form which will be supplied by the Company / Registrar and Transfer Agent on request.
5. In terms of the amendment to Section 205A and introduction of Section 205C by the Companies (Amendment) Act, 1999, dividend for the financial year from 1995-1996 to 2003-2004 have already been transferred to Investors' Education and Protection Fund.
6. Members who have till date not encashed their dividend warrants for the financial year 2004-2005 or any subsequent financial years are advised to claim the dividend from the Company after filing Indemnity / any other documents. It may also be noted that once unclaimed dividends are transferred to the Investors' Education and Protection Fund, Members will lose their claim on these dividends.
7. Members who are holding shares in physical form in more than one folio are requested to write, to the Registrar and Transfer Agent immediately enclosing their share certificate(s) for consolidation of their holdings in one folio.
8. Members are requested to update the e-mail ID in the demat account by contacting their Depository Participant and those who are holding shares in Physical form kindly update your e-mail ID with our Registrar and Share Transfer Agent to enable us to send documents through electronic mode.
9. Members who are holding shares in physical form are requested to intimate immediately their change of address/ change of bank account, if any, to the Company / Registrar & Share Transfer Agent quoting reference of the Registered Folio Number.
10. Members may now avail of the facility of nomination by nominating, in the prescribed form, a person to whom your shares in the Company vest in the event of death. Interested members holding shares in physical form may write to the Company / Registrar & Share Transfer Agent for the prescribed form and those holding shares in dematerialised form, should write to their Depository Participant.

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11. Re-appointment of Directors

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

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

<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

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

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

<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

By Order of the Board  
Suresh Jagannathan  
Managing Director

Place : Coimbatore  
Date : 25.05.2012

## **DIRECTORS REPORT & MANAGEMENT ANALYSIS**

### **Dear Shareholders,**

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

(Rs.in lakhs)

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

## **INDUSTRY STRUCTURE AND DEVELOPMENTS**

### **Results**

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

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

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

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

### **DIVIDEND**

Your Directors are unable to recommend a dividend on the paid-up equity share capital of the Company for the year ended 31<sup>st</sup> March, 2012.

### **CAPITAL INVESTMENT**

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



## **ECONOMIC OUTLOOK FOR THE YEAR**

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

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

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

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

#### **Food Division**

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

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

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

#### **Textile Division**

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

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

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

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

#### **Engineering Division**

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

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

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

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

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

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

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

### **FINANCE**

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

### **CORPORATE GOVERNANCE**

A report on corporate governance is annexed to this report. The Company has complied with the conditions relating to the above as stipulated in Clause 49 of the listing agreement. The certificate from the statutory auditor relating to the above is annexed.

### **FIXED DEPOSITS**

The Company continued to accept fixed deposits during the year and there were no unclaimed deposits as on 31.3.2012.

### **DIRECTORS**

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year under review.

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- (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 2012 on a going concern basis.

### **AUDITORS**

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

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

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

### **PERSONNEL**

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

### **HUMAN RESOURCES / INDUSTRIAL RELATIONS**

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

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

### **LISTING**

Your Company's shares are listed at Bombay Stock Exchange Limited, Madras Stock Exchange Ltd and traded in National Stock Exchange Ltd., under permitted category. Necessary listing fees for the year have been paid. Company has filed de-listing application with Coimbatore Stock Exchange for de-listing of our equity shares. Necessary acknowledgement has not been received till date despite reminders.

**CAUTIONARY STATEMENT**

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

**GENERAL**

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

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

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

By Order of the Board

Place : Coimbatore

K.Gnanasekaran

Suresh Jagannathan

Date : 25.05.2012

Director

Managing Director