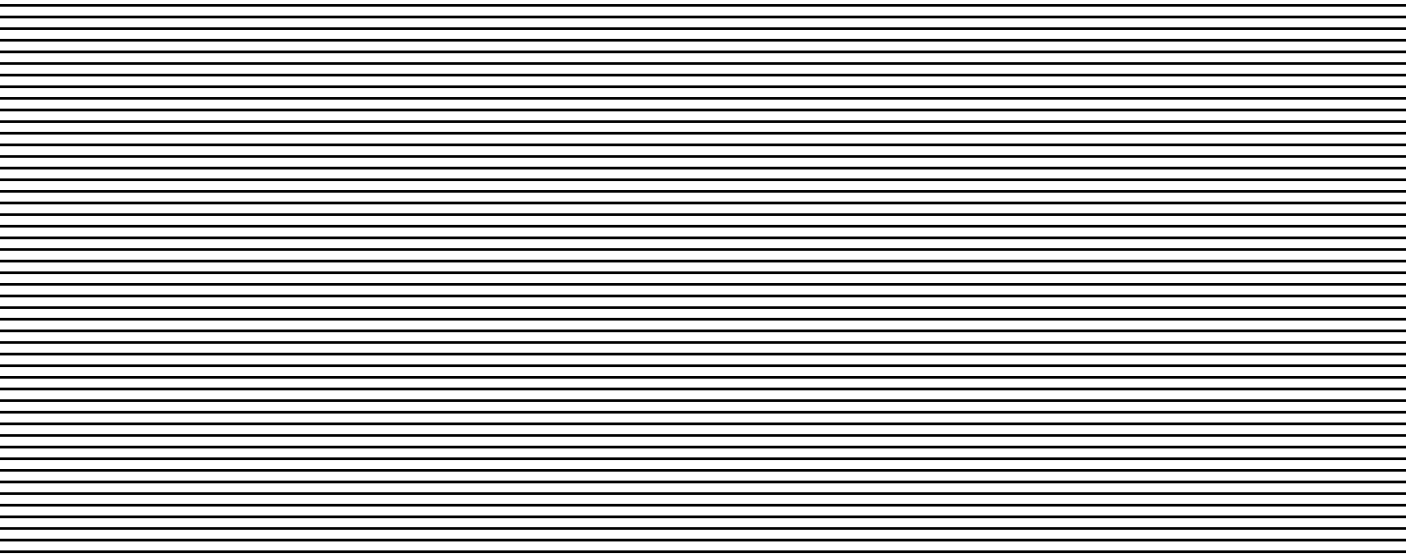


2011
Annual Report



KLRF Limited

KLRF Limited

Board of Directors

Sudarsan Varadaraj

S.Govindan

K.Gnanasekaran

J.Chandrakanthi

Suresh Jagannathan

Managing Director

V.N.Jayaprakasam

Executive Director

Dr.R.Sethumadhavan

Nominee Director – IREDA Ltd.,

Chief Finance Officer

R. Kannan

Company Secretary

S.Piramuthu

Auditor

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

Chartered Accountant, Tirunelveli

Branch Auditors

M/s Haribhaki & Co.,

Chartered Accountants, Coimbatore

Bankers

Canara Bank

Indian Overseas Bank

Punjab National Bank

IDBI Bank Ltd.,

Registered Office

75/8, Benares Cape Road,

Gangaikondan – 627 352

Administrative Office

1054/21, Avanashi Road,

Coimbatore-641 018

Food Division

Gangaikondan – 627 352

Textile Division

Gangaikondan – 627 352

N.Subbiahpuram – 626 205

Engineering Division

Coimbatore – 641 020

Registrar and Share Transfer Agent

Link Intime India Private Limited

"Surya" 35, Mayflower Avenue,

Senthil Nagar, Sowripalayam Road,

Coimbatore - 641 028, Tamilnadu.

Telephone : 0422 - 2315792

Telefax : 0422 - 2314792

E-mail : coimbatore @ linkintime.co.in

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NOTICE

Notice is hereby given that the Forty-ninth Annual General Meeting of the Company will be held on Thursday the 15th September, 2011 at 10.45 a.m., at the Company's Registered Office at 75/8, Benares Cape Road, Gangaikondan - 627 352, Tirunelveli District to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31.03.2011 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditor thereon.
2. Smt.J.Chandrananthi, Director retires by rotation and the Board recommends that the vacancy caused by her retirement be not filled up.
3. To appoint a Director in the place of Sri.Sudarsan Varadaraj who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri.S.Govindan who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint an Auditor and fix his remuneration.

SPECIAL BUSINESS

6. **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 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 2011 – 2012 on a remuneration of Rs.3,37,500/- (Rupees three lakhs thirty seven thousands five hundred only) excluding applicable taxes and out of pocket expenses incurred in connection with the audit."

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

Resolved that pursuant to Section 297 and other applicable provisions of the Companies Act,1956 and subject to the approval of the Central Government the consent of the members be and is hereby accorded for entering into a contract with M/s.Prokop Eltex (India) Private Limited (a Company in which a director of the Company is interested) for sale of sheet metal components, cast iron and purchase of scrap and flour milling machineries and spares to the extent of Rs.50 Lakhs per annum for a period of 5 years commencing from 01.04.2012.

Further resolved that the consent of the members be and is hereby specially accorded to the contract subject to the fulfillment of the following conditions:-

- (i) The proposed contract with the aforesaid contractee company shall be competitive and at arms length without conflict of interest and is not less advantageous to it as compared to similar contract with other parties.
- (ii) The Company has not made any default in repayment of any debts (including public deposits) and interest payable there on and has filed its up to date Balance Sheet and Annual Return with the Registrar of Companies.
- (iii) The proposed contract falls within the provisions of Section 297 of the Companies Act and the provisions of Section 198, 269, 309, 314 and 295 are not applicable to the proposed contract.
- (iv) The Company and its Directors have complied with the provisions of sections 173, 297, 299, 300, 301 and other applicable provisions of the Companies Act, 1956 with regard to the proposed contract.

Further resolved to authorize the Board of Directors to take such steps as they may deem necessary or expedient to give effect to this resolution.

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

Item No.6

As per Section 228 (3) of the Companies Act, 1956, Branch Auditors are required to be appointed at the General Meetings. Accordingly, Branch Auditors are 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.6 of the Notice seeks the authorization of the members to appoint Branch Auditors for the year 2011-2012.

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

Item No.7

The Company has entered into a contract with Prokop Eltex (India) Private Limited for which requisite approval of the Central Government has been obtained for a period of 3 years with effect from 1st April, 2009. The said contract expires on 31st March, 2012.

The Company has now proposed to renew the said contract with Prokop Eltex (India) Private Limited for a further period of 5 years with effect from 1st April, 2012 subject to the approval of the Central Government pursuant to Section 297 of the Companies Act, 1956. In terms of the General Circular No.52/2011 dated 25.07.2011 the Company is required to obtain the approval of the members for the proposed contract with the Prokop Eltex (India) Private Limited.

Hence necessary special resolution has been proposed for the approval of the Members in Item No 7 of the Agenda.

Copy of the proposed contract is available for inspection of the members during office hours.

Sri.V.N.Jayaprakasam is interested in the resolution as Director/shareholder of the Contractee Company. None of the other directors are, in any way, concerned or interested in the said resolution.

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 8th September to 15th September, 2011 (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 – 600 006 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 2002-2003 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 2003-2004 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 are requested to intimate their bank account number and branch address with their Folio No. to the Registrar and Transfer Agent for incorporation in the dividend warrants. Members are also requested to address all related correspondence to the Registrar and Transfer Agent.
8. Members who are holding shares 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.
9. 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.

KLRF Limited

10. 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.
11. Members may now avail of the facility of nomination by nominating, in the prescribed form, a person to whom your shares in the Company shall vest in the event of death. Interested members may write to the Company / Registrar & Share Transfer Agent for the prescribed form.
12. 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 : Sudarsan Varadaraj
Age : 53 years
Qualification : B.E., (Hons), M.S. (Mech.Engg.)
Expertise : 30 years of experience in Rubber Industry

Name of the Company	Position held	Membership of the Committee
Elgi Rubber Company Limited	Chairman & Managing Director	Investors Grievance Committee
Treadsdirect Limited	Managing Director	Nil
Elgi Equipments Limited	Director	Nil
Elgi Ultra Industries Limited	Director	Nil
LRG Technologies Limited	Director	Nil
Super Spinning Mills Limited	Director	Audit Committee & Remuneration Committee
Titan Tyrecare Products Limited	Director	Nil

- b) Name : S.Govindan
Age : 75 years
Qualification : L.T.M
Expertise : 49 years of experience in Textile Industries
Other directorships : NIL

Place : Coimbatore
Date : 28th July, 2011

By Order of the Board
Suresh Jagannathan
Managing Director

DIRECTORS' REPORT AND MANAGEMENT ANALYSIS

Dear Shareholders,

The Directors present their Forty-ninth Annual Report together with the audited statement of accounts for the year ended 31st March 2011. The management discussion and analysis report have been included at the appropriate places in this report.

(Rs.in lakhs)

FINANCIAL RESULTS	31.03.2011	31.03.2010
Profit before financial charges and depreciation	1787.60	1360.89
Less : Financial charges	697.63	755.22
	<hr/>	<hr/>
Profit before depreciation	1089.97	605.67
Less : Depreciation	525.00	540.43
	<hr/>	<hr/>
Profit/Loss before tax	564.97	65.24
Less : Provision for tax – Current	—	—
– Deferred	175.05	16.27
– For prior years	(0.29)	(2.65)
	<hr/>	<hr/>
Net Profit/Loss after tax available for appropriation	390.21	51.62
	<hr/>	<hr/>
Appropriations		
Proposed Dividend	—	—
Provision for Dividend Tax	—	—
Transfer to General Reserve	—	—
Balance adjusted in Profit and Loss Account	390.21	51.62
	<hr/>	<hr/>
Total	390.21	51.62
	<hr/>	<hr/>

INDUSTRY STRUCTURE AND DEVELOPMENTS

Results

The turnover of the company for the year is Rs. 215 crores as against Rs.162 crores last year.

The Company has earned an EBIDTA of Rs.1788 lakhs after charging Rs.38 lakhs as public issue expenses and amalgamation expenses written off during the year.

The Food Division earned an EBIDTA of Rs.564 lakhs.

The Food Division milled 51789 Metric tons of wheat and accounted for 44% of the turnover of the company.

The Textile Division has earned an EBIDTA of Rs.1052 lakhs and Engineering Division has earned an EBIDTA of Rs.172 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, 2011.

CAPITAL INVESTMENT

We have made a total capital investment of Rs.727 lakhs. These investments will result in increase of production, cost reduction and improvement in quality.

ECONOMIC OUTLOOK FOR THE YEAR

Relentless inflation and consequent measures by the government to control inflation might result in monetary constraint and higher interest rates.

There has been consistent growth in exports and increased agricultural production is possible with anticipated good monsoon. These are positive indications for overall growth.

Opportunities, Challenges, Risks & Concerns

Food Division

Wheat production, this year, at 84.27 million tones is one of the highest in the history. This bountiful harvest ensures, adequate, consistent supplies of wheat at stable prices to the flour milling industry. Buffer stocks of wheat in government granaries will exceed 41 million tones by end of the procurement season in June, 2011. Thus assured, of adequate grain supply, the government may permit liberal export of wheat and wheat products. This will offer an opportunity to the flour milling industry of better capacity utilization and increased business volume.

Textile Division

Textile spinning industry which had seen a profitable stint last year is undergoing a difficult phase currently. In spite of a good cotton crop and plentiful order position for both cotton yarn and garments, inconsistent policies have landed this industry in extremely difficult straits. It will be a few more months for the revised, rational policies to yield desired results and restore normalcy and growth in this vital segment.

Engineering Division

The efforts, investments made for improvement of quality and increased production have started yielding desired results both in the foundry and sheet metal division. We trust that both the foundry and sheet metal division will perform well in the ensuing year. Availability of adequate quality power continues to be a concern. Relentless inflation and consequent hardening of interest rates could also affect the profitability of the company.

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 and 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 31.03.2011.

DIRECTORS

The Board of Directors wish to place on record the contribution made by Smt. J. Chandrakanthi the retiring director for the growth of the Company during her tenure of her office as Director of the Company

Sri.Sudarsan Varadaraj and Sri.S.Govindan Directors of the company, retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for 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 31st March 2011, 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 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 31st March 2011 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 division 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 subject to approval by the Central Government. Cost audit report for the year ended 31.3.2010 has been filed within the time 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 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. 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.

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., IREDA 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
Date : 27th May, 2011

K.Gnanasekaran	Suresh Jagannathan
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, 2011.

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	12513884	9616884
Total amount (Rs.)	61054554	41816347
Rate/Unit (Rs.)	4.88	4.35
(b) Own generation		
Through diesel generation (units)	2398397	1884938
Units Per Ltr of diesel oil	3.48	3.43
Cost/per unit (Rs.)	10.27	9.63
(c) Through steam turbine/generator	Nil	Nil
Units per Ltr of fuel		
Oil/Gas		
Cost/Unit		
(d) Wind Mill Generation		
Qty.(Units)	10786490	11694714
Total cost (Rs.)	42829813	44269020
Cost per unit (Rs.)	3.97	3.79
(e) Units purchased from others	Nil	1269259
Rate per unit		3.33
2. Coal	Nil	Nil
Qty. (tons)		
Total Cost		
Avg.Rate		
3. Furnace Oil	Nil	Nil
Qty.(K.Lts)		
Total amount		
Avg.Rate		

B. CONSUMPTION PER UNIT OF PRODUCTION

Standards (if any)

Cotton yarn in Kgs.	4666490	4505142
Electricity per unit of production	3.20	2.83

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

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 |

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|---|---|
| 1. Activities relating to exports | During the year iron castings were exported to Germany & France and 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 | Rs.98.90 lakhs |
| Earned | Rs.121.12 lakhs |

By Order of the Board

Place : Coimbatore
Date : 27th May, 2011

K.Gnanasekaran Director	Suresh Jagannathan Managing Director
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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 Managing Director, one Executive Director and five Non-Executive Directors. There are four independent directors who bring independent judgement in the board's deliberations and decisions.

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

Name of Director	Category	No. of other Directorships held in public Companies*	Membership in Committees of other Companies @	
			Chairman	Member
J.Chandrananthi #	Non-Executive-Promoter	—	—	—
Suresh Jagannathan # Managing Director	Executive-Promoter	3	—	1
Sudarsan Varadaraj	Non-Executive Independent	7	—	2
V.N.Jayaprakasam Executive Director	Executive Wholetime Director	—	—	—
S.Govindan	Non-Executive - Independent	—	—	—
R.Sethumadhavan	Nominee Director - IREDA Ltd.,	—	—	—
K.Gnanasekaran	Non-Executive Independent	2	1	1

*Exclude directorship in private companies and Foreign Companies.

@ Audit Committee and Shareholders Committee are considered.

Mrs. J.Chandrananthi and Mr. Suresh Jagannathan are related amongst themselves. None of the other Directors are related.

Board Meetings were held on the following dates

27th May, 2010, 28th July, 2010, 29th October, 2010 and 24th January, 2011

Name of Director	Board Meeting		Attendance at the last AGM (Yes/No)
	Held	Attended	
J. Chandrakanthi	4	4	No
Suresh Jagannathan	4	4	Yes
Sudarsan Varadaraj	4	2	No
V. N. Jayaprakasam	4	2	Yes
S. Govindan	4	4	Yes
R. Sethumadhavan	4	2	No
K. Gnanasekaran	4	4	Yes

Shareholding of Non-Executive Directors

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

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

3. COMMITTEES OF THE BOARD

(a) Audit Committee

This Committee comprises of three non-executive directors all being independent directors. The terms of reference of this Committee are as required by SEBI under clause 49 of the Listing Agreement. 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 and 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 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.K.Gnanasekaran(Chairman)	Non – Executive - Independent	4
Mr.Sudarsan Varadaraj	Non – Executive - Independent	2
Mr..S.Govindan	Non - Executive – Independent	4

(i) The Company Secretary acts as the Secretary to the Committee. The Chief Finance Officer, Internal and the Statutory Auditors of the Company had also attended the meeting. The minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note off. The Audit Committee considered and reviewed the accounts for the year 2010 – 2011, before it was placed in the Board. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956.

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

Number of Audit Committee meetings held	4
Dates on which held	27 th May, 2010, 28 th July, 2010, 29 th October, 2010 and 24 th January, 2011

(b) Remuneration Committee

The Remuneration Committee of the Board comprises of Mr.S.Govindan, Mr.Sudarsan Varadaraj and Dr.R.Sethumadhavan and this Committee determines and recommends to the Board, the compensation payable to the Directors. The Chairman of the Committee is selected among the members at the time of each meeting. During the year 2010-2011, one meeting was held on 27th May, 2010 to consider and recommended remuneration payable to Managing Director and Executive Director. Mr.S.Govindan and Mr.Sudarsan Varadaraj were present at the meeting.

Remuneration Policy :

The 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.

The remuneration and sitting fees paid to the Directors during the year under review
(Amount in Rupees)

Name	Salary	Perquisites	Sitting Fees	Total
Mrs.J.Chandrankanthi	1936315	176456	2000	2114771
Mr.Suresh Jagannathan	1619446	313629	—	1933075
Mr.V.N.Jayaprakasam	1057500	54082	—	1111582
Mr.Sudarsan Varadaraj	—	—	10000	10000
Dr.R.Sethumadhavan	—	—	4000	4000
Mr.K.Gnanasekaran	—	—	16000	16000
Mr.S.Govindan	—	—	28000	28000

No commission was paid to Directors during the year.

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

Mr.V.N.Jayaprakasam, Executive Director – appointed for a period of two years from 1.7.2010

(c) Shareholders Committee

The Committee comprises of the following Directors.

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

The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate shares certificates and looks into the shareholders/ Investor complaints, if any, on transfer of shares, non-receipt of dividend, annual report etc., In addition, the Committee looks into other issues including status of dematerialization / re-materialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time. The Compliance Officer for the purpose of the listing agreement is Mr.S.Piramuthu, Company Secretary. The Minutes of Shareholders Committee were placed at the Board Meeting. During the year, the Company had received and resolved two complaints from the shareholders. There are no pending share transfers/complaints as on 31.03.2011

Unclaimed shares demat suspense account.

Pursuant to new clause 5A I of the listing agreement, Company has opened unclaimed shares demat suspense account with Coimbatore Capital Limited having connectivity with NSDL. Details of unclaimed shares as on 31.03.2011 are as follows;

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

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

Pursuant to Clause 5A II (h) of the listing agreement, Company has initiated the implementation of the same by sending three reminders to the shareholders for getting their confirmation. Subject to their confirmation after sending the reminder, the company shall proceed to demat the aforesaid shares in the name of "unclaimed shares demat suspense account" available with Coimbatore Capital Limited. Voting rights in respect of these shareholders shall remain frozen till the rightful owner claims the same.

4. Annual General Meetings

Location and time, where last three Annual General Meetings held

AGM	Location	Date	Time
2008 46 th AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District - 627 352	25.09.2008	10.45 a.m.,
2009 47 th AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District - 627 352	24.09.2009	10.45 a.m.,
2010 48 th AGM	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District - 627 352	29.09.2010	9.30 a.m.,

Details of special resolutions passed in the previous three AGMs.

Date of AGM	Details of Special Resolutions passed
25.09.2008	De-listing of shares from Madras Stock Exchange Limited and Coimbatore Stock Exchange Limited
24.09.2009	NIL
29.09.2010	Appointment of Sri.Suresh Jagannathan, Managing Director for a period of five years from 11.3.2011. Appointment of Sri.V.N.Jayaprakasam, Executive Director for a period of two years from 1.7.2010.

No special resolutions were put through postal ballot last year and there is no proposal for this year. No Extra-Ordinary general meeting was held during the financial year.

5. Management Discussion and Analysis Report

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

6. Disclosures

- a. 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. 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. The Company does not have any whistle blower policy. However any employee if he/she so desires, would have free access to meet senior level management and report any matter of concern.

- d. Pursuant to Clause 49 of the listing agreement, 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.
- e. The Company has complied with all the mandatory requirements of corporate governance norms as enumerated in Clause 49 of the listing agreement.
- f. The Company has prepared a risk management framework to identify, minimize and mitigate business and process related risk at pre defined intervals.
- g. The Company has adopted the following non mandatory requirements of corporate governance recommended under Clause 49 of the listing agreement.
 - 1. Company has a remuneration committee comprising of three non executive independent directors.
 - 2. The Company has not adopted the other non-mandatory requirements.

7. Code of Conduct

The company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on 31st March, 2011. 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 ensure the prevention of dealing in shares by persons having accessed to unpublished price sensitive information.

9. Means of Communication

The quarterly / annual financial 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.

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

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

10. General Shareholder information

A. Annual General Meeting

Date 15.09.2011
 Time 10.45 A.M.,
 Venue 75/8, Benares Cape Road, Gangaikondan-627 352
 Financial Year April to March

B. Book Closure : 08.09.2011 to 15.09.2011 (both days inclusive)

C. Dividend payment date : Not applicable

D. Listing on Stock Exchanges

The Company's Equity Shares are listed at

The Bombay Stock Exchange Ltd., Stock Code : 507598
 Phiroze Jeejeebhoy Towers
 Dalal Street, Mumbai – 400 001.

Madras Stock Exchange Ltd., Stock Code : "KOVILPATTI"
 Exchange Building, Post Box No.183
 11, Second Line Beach, Chennai – 600 001

International Security Identification Number (ISIN) : INE014E01015

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

The Company has paid the annual listing fees for the year 2011 – 2012 except Coimbatore Stock Exchange, for which company has filed de-listing application on 10.1.2010.

E. Market Price Data

Month	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April – 2010	32.90	23.75	34.50	23.00
May	35.50	27.00	35.45	26.55
June	31.20	23.10	31.05	24.60
July	32.40	26.05	31.50	25.75
August	35.00	27.80	35.15	26.20
September	32.85	28.80	35.70	28.45
October	36.45	29.05	36.70	28.40
November	51.80	30.60	52.45	32.00
December	38.00	31.05	38.35	30.00
January – 2011	38.00	30.00	37.90	29.30
February	33.50	25.40	33.40	25.00
March	33.00	26.00	32.35	26.60

F. Dematerialisation of shares and liquidity as on 31st March, 2011.

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	2971794	59.19
Central Depository Services (India) Limited	540412	10.76
Total	3512206	69.95

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

G. Share transfer registrar

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 – 641 028.

H. Share Transfer System

The Share Transfers in physical form are registered and returned within 30 days from the date of receipt if the documents are in order. The share transfers are approved by the Shareholders Committee who usually meets as and when required.

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 31.03.2011

No.of shares held	SHAREHOLDERS		SHAREHOLDING	
	Nos	%	Nos	%
Upto 500	5464	86.97	727608	14.49
501 – 1000	453	7.21	365960	7.29
1001 - 2000	191	3.04	286175	5.70
2001 – 3000	58	0.92	148233	2.95
3001 – 4000	23	0.37	81701	1.63
4001 – 5000	20	0.32	91814	1.83
5001 - 10000	40	0.64	281504	5.61
10001 & above	33	0.53	3037649	60.50
Total	6282	100.00	5020644	100.00

K. Shareholding pattern as on 31.03.2011

Particulars	No.of shares held	Percentage of Shareholding
Promoter's Holding	2196163	43.74
Directors and their Relatives	23842	0.47
Banks/FIS/Mutual Funds	805	0.02
Private Corporate Bodies	207363	4.13
Insurance Companies	250000	4.98
NRI/OCBs	30655	0.61
Indian Public	2311816	46.05
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	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 - 641 028.
Phone : 0422 - 2315792 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 - 627 352, Tirunelveli District.
Phone : 0462 - 2486532, Website : www.klrf.in

In order to facilitate investors' servicing the company has designated an e-mail mainly for registering complaints by investors.

E-mail : cosec@klrf.in

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

By Order of the Board

Place : Coimbatore
Date : 27th May, 2011

K.Gnanasekaran
Director

Suresh Jagannathan
Managing Director

CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

I hereby declare that the Board of Directors of the Company have adopted a code of conduct for Board members and the senior management of the company and the same has also been posted on the website of the Company and that all the Board members and senior management personnel to whom this code of conduct is applicable have affirmed the compliance of code of conduct during the year 2010 – 2011.

Place : Coimbatore

Suresh Jagannathan

Date : 27th May, 2011

Managing Director

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

To

The Members of KLRF Limited

I have examined the compliance of conditions of Corporate Governance by KLRF LIMITED for the year ended on 31.03.2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

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

Place : Coimbatore

P.Marimuthu

Date : 27th May, 2011

Chartered Accountant
Membership No : 5770

CEO & CFO CERTIFICATE

The Board of Directors

KLRF Limited, Gangaikondan – 627 352.

As required by Clause 49 (V) of the Listing Agreement with Stock Exchanges, we hereby certify that :

- a. We have reviewed the financial statements and the cash flow statement for the financial year 2010 – 2011 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control system of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee;
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

R.Kannan
Chief Finance Officer

Suresh Jagannathan
Managing Director

Place : Coimbatore
Date : 27th May, 2011

REPORT OF THE AUDITOR

1. I have audited the attached balance sheet of KLRF LIMITED, GANGAIKONDAN as at 31st March, 2011, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted my audit in accordance with the auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order :
4. Further to my comments in the Annexure referred to above, I report that :
 - I. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
 - II. 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.
 - III. The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
 - IV. In my opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - V. On the basis of the written representation received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director under Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
 - VI. In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - (b) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

Place : Coimbatore
Date : 27th May, 2011

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 372 of the Companies Act, 1956. Hence, the question of rate of interest and other terms and conditions on which the loan was granted does not arise.
8. The Company has not taken any loans except deposits, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence the question of rate of interest and the terms and conditions of such loan taken by the company and repayment of such loan with interest thereon in due dates does not arise.
9. In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of my audit, I have not observed any continuing failure to correct major weaknesses in internal control system.
10. According to the explanations and informations given to me I am of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

11. According to the explanations and informations given to me, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
12. In my opinion and according to the informations and explanations given to me, the company has complied with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
13. In my opinion, the company has an internal audit system commensurate with the size and nature of its business.
14. I have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records in the textile division under section 209 (1) (d) of the Companies Act, 1956 and I am of the opinion that prima facie the prescribed accounts and records have been made and maintained. The cost auditor has done the cost audit of textile units.
15. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
16. According to the information and explanations given to me, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31.03.2011 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 31.3.2011 is Rs.35.25 lakhs out of total dues of Rs.51.90 lakhs.
18. In my opinion and according to the information and explanations given to me, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders
19. In my opinion the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
20. In my opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
21. In my opinion, the company is not dealing in or trading in shares, securities, debentures and other Investments. Accordingly, the provisions of Clause xiv of para 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.

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

Place : Coimbatore
Date : 27th May, 2011

P.Marimuthu
Chartered Accountant
Membership No : 5770

BALANCE SHEET AS AT 31ST MARCH, 2011

(Rupees)

Particulars	Schedule	31.03.2011	31.03.2010
I. SOURCES OF FUNDS			
A. SHARE HOLDERS' FUNDS			
Share capital	1	50206440	50206440
Reserves and Surplus	2	190939473	181054139
		241145913	231260579
B. DEFERRED TAX			
		9548296	
C. LOAN FUNDS			
Secured Loans	3	662387034	624692893
Unsecured Loans	4	88650129	48552213
		751037163	673245106
TOTAL		1001731372	904505685
II. APPLICATION OF FUNDS			
A. FIXED ASSETS			
Gross Block	5	1030668917	964182721
Less: Depreciation		603619245	552975644
		427049672	411207077
B. INVESTMENTS			
	6	15000	15000
C. CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	474612128	331816246
Sundry Debtors	8	186373172	111144198
Cash and Bank Balances	9	11097972	8221526
Loans and Advances	10	76856190	78986223
		748939462	530168193
Less : Current Liabilities and Provisions	11	174272762	77007503
		574666700	453160690
D. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
	12	—	32165436
E. DEFERRED TAX			
		—	7957482
TOTAL		1001731372	904505685
Notes on Accounts	19		

Schedules 1 to 12, Significant Accounting Policies and the Notes on the Accounts form part of this Balance Sheet.

In accordance with my report of date attached

For and on behalf of the Board

K.Gnanasekaran

Director

P. Marimuthu

Chartered Accountant

Membership No. 5770

Place : Coimbatore

Date : 27th May, 2011

Suresh Jagannathan

Managing Director

S. Piramuthu

Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rupees)

Particulars	Schedule	31.03.2011	31.03.2010
INCOME			
Sales and Charges (Gross)	13	2146963759	1616754508
Less : Excise duty		44361499	21021138
Less : Sales tax		46475329	47467264
Sales and Charges (Net)		<u>2056126931</u>	<u>1548266106</u>
Other Income	14	2873681	9767516
Increase / Decrease in Finished Goods Stock	15	45412484	8678753
TOTAL		<u>2104413096</u>	<u>1566712375</u>
EXPENDITURE			
Raw materials consumed	16	1437963973	1108783264
Products purchased		—	—
Interest	17	69763099	75521924
Directors Remuneration and Fees		5217428	4838693
Depreciation and Assets written off		52499992	54043957
Other Expenses	18	478707505	306643766
Total		<u>2044151997</u>	<u>1549831604</u>
Profit before extraordinary item and tax		<u>60261099</u>	<u>16880771</u>
Less : Terminal Benefits to VRS Employees written off		—	8214430
Public Issue Expenses written off		3644903	2082792
Amalgamation Expenses written off		118884	59448
Profit after extraordinary item but before tax		<u>56497312</u>	<u>6524101</u>
PROFIT AVAILABLE FOR APPROPRIATION			
Profit after extraordinary item but before tax		<u>56497312</u>	<u>6524101</u>
Less : Provision for tax – Current		—	—
– Deferred		17505778	1627375
Add: Excess provision of earlier year		29012	265597
Net Profit		<u>39020546</u>	<u>5162323</u>
Profit available for appropriations		<u>39020546</u>	<u>5162323</u>
APPROPRIATIONS			
– Provision for Proposed Dividend		—	—
– Provision for Dividend Tax		—	—
– Transfer to General Reserve		—	—
– Balance adjusted in Profit and Loss Account		39020546	5162323
TOTAL		<u>39020546</u>	<u>5162323</u>
Earnings per share – Basic		<u>7.77</u>	<u>1.03</u>
Notes on Accounts	19		

Schedules 13 to 19, Significant Accounting Policies and the Notes on the Accounts form part of this Profit and Loss Account.

In accordance with my report of date attached

For and on behalf of the Board

K.Gnanasekaran
Director

P. Marimuthu
Chartered Accountant
Membership No. 5770
Place : Coimbatore
Date : 27th May, 2011

Suresh Jagannathan
Managing Director

S. Piramuthu
Company Secretary

SCHEDULES

(Rupees)

Particulars	31.03.2011	31.03.2010
1. SHARE CAPITAL		
Authorised		
90,00,000 Equity Shares of Rs. 10/- each	90000000	90000000
60,00,000 10 % Cumulative Redeemable Preference Shares of Rs. 10/- each	60000000	60000000
	150000000	150000000
Issued and Subscribed		
51,19,598 Equity Shares of Rs. 10/- each	51195980	51195980
Called and Paid up		
50,20,644 Equity Shares of Rs. 10/- each fully paid up	50206440	50206440
Note : Of the above 7,87,500 Equity shares of Rs. 10/- each have been issued as fully paid Bonus shares by capitalisation of reserves.		
TOTAL	50206440	50206440

2. RESERVES AND SURPLUS	As on 1.4.2010	Additions	Withdrawal	As on 31.03.2011	As on 31.03.2010
Capital Reserve	2071233	—	—	2071233	2071233
Securities Premium	164215420	—	—	164215420	164215420
Revaluation Reserve	14767486	—	733563	14033923	14767486
TOTAL (a)	181054139	—	733563	180320576	181054139

GENERAL RESERVE	As on 31.03.2011	As on 31.03.2010
As per last Balance Sheet	99497443	99497443
Additions during the year	—	—
	99497443	99497443
Less : Transferred to Profit and Loss Account as per contra	88878546	99497443
TOTAL (b)	10618897	—
GRAND TOTAL (a+b)	190939473	181054139

SCHEDULES (Contd...)

(Rupees)

Particulars	31.03.2011	31.03.2010					
3. SECURED LOANS							
(Guaranteed by Managing Director and Director for IREDA term loan and by Managing Director for working capital loan and other term loans except vehicle loans)							
Open Loan and Packing Credit Loan from Canara Bank on the security of stock in trade	228051530	176172657					
Open Loan and Packing Credit Loan from Indian Overseas Bank on the security of stock in trade	85468771	76130139					
Term Loan from Canara Bank on the security of Land, Buildings, Machineries pertaining to 1 No 1250 KW Wind Mill situated at Parameshwarapuram Village, Tirunelveli District.	31571704	32786000					
Term Loan from Indian Overseas Bank on the security of Land, Buildings, Machineries pertaining to 1 No 1250 KW Wind Mill situated at Parameshwarapuram Village, Tirunelveli District.	33181500	34928000					
Term Loan from Punjab National Bank on the security of Land, Buildings and Machineries except the Wind Mill fixed assets to Canara Bank and Indian Overseas Bank.	152868167	169371003					
Term Loan from IDBI Bank Ltd., on exclusive charge on the Land and Buildings of Foundry Division.	120000000	120000000					
Term Loan from IREDA Ltd., on the security of Land, Buildings and Machineries except the Wind Mill fixed assets to Canara Bank and Indian Overseas Bank.	3078000	9254000					
Vehicle Loans from Canara Bank and Indian Overseas Bank on the security of vehicles.	8167362	6051094					
TOTAL	662387034	624692893					
4. UNSECURED LOANS							
Deposits and Loans from Directors	7368160	4640489					
Fixed Deposits from public and shareholders	56986969	43591724					
Other loans	24000000	—					
Security Deposits from dealers	295000	320000					
TOTAL	88650129	48552213					
5. FIXED ASSETS							
	GROSS BLOCK			NET BLOCK			
Description of Assets	As of 01.04.10	Additions	Sales and adjustment	As of 31.03.11	Depreciation upto 31.03.11	As of 31.03.11	As of 31.03.10
Freehold Land	15558579	—	—	15558579	—	15558579	15558579
Buildings	80933283	24938856	—	105872139	37874639	67997500	46136899
Machineries	792230804	15274704	3094734	804410774	539878233	264532541	297176349
Vehicles	17872102	5527591	—	23399693	7104750	16294943	12503024
Other Assets	37375527	3277419	342917	40310029	18761623	21548406	19619800
Capital WIP	20212426	41117703	20212426	41117703	—	41117703	20212426
TOTAL	964182721	90136273	23650077	1030668917	603619245	427049672	411207077

SCHEDULES (Contd...)

		(Rupees)		
Particulars	31.03.2011	31.03.2010		
	Face value as on 31.03.11	Market Value as on 31.03.11	Cost 2011	Cost 2010
6. INVESTMENTS				
TRADE INVESTMENTS				
Quoted				
Lakshmi Synthetic Machinery Manufacturers Ltd 15,000 Equity Shares of Rs. 10/- each fully paid up	150000	15000	15000	15000
TOTAL			15000	15000
7. INVENTORIES				
(As valued and certified by the Management) (See Note 1 (c))				
Raw materials		338538488		247240562
Stock-in-process		23089978		17513146
Stores		10085883		9577243
Finished goods		98827612		55182915
Impurities , Runner & Riser		3288157		1354061
Gunnies		782010		948319
TOTAL		474612128		331816246
8. SUNDRY DEBTORS				
(Unsecured but considered good)				
Outstanding for more than six months		2764011		3461173
Other Debts		183609161		107683025
TOTAL		186373172		111144198
9. CASH AND BANK BALANCES				
Cash and Cheques on hand		2465990		2917043
Balances with scheduled bank				
On Current Account		3579861		1837339
On Deposit Account		4320489		2666073
Unpaid Dividend Deposit Account		731632		801071
TOTAL		11097972		8221526
10. LOANS AND ADVANCES				
(Receivables in cash or in kind and considered good but not secured)				
Interest Receivables		465770		326075
Deposits		16884247		20386453
Advance for Purchases		27125773		19416845
Prepaid Expenses		5631977		4955525
Receivables		7859216		14216800
Other Advances		5142693		6533706
Taxes paid		13746514		13150819
TOTAL		76856190		78986223

SCHEDULES (Contd...)

Particulars	31.03.2011	31.03.2010
(Rupees)		
11. CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors	137292512	48797281
Liability for Expenses	20948181	18060095
Other Liabilities	15300437	9349056
Unclaimed Dividend	731632	801071
TOTAL	174272762	77007503
12. MISCELLANEOUS EXPENDITURE		
Compensation paid under Voluntary Retirement Scheme	—	8214430
Less : Written off during the year	—	8214430
Public Issue Expenses	3644903	5727695
Less : Written off during the year	3644903	2082792
Amalgamation Expenses	118884	178332
Less : Written off during the year	118884	59448
Debit Balance in Profit and Loss Account	127899092	133061415
Less : Transfer from Profit and Loss Account	39020546	5162323
Less : Balance in General Reserve adjusted as per Contra	88878546	99497443
TOTAL	—	32165436
13. SALES AND CHARGES		
Wheat, Wheat products and Impurities	941148904	816520850
Sheet Metal Components	90011314	56715093
Yarn and Waste Cotton	701948273	509470430
Other Sales	4332240	4518904
Custom Milling	—	7847511
Castings	409523028	221681720
TOTAL	2146963759	1616754508
14. OTHER INCOME		
Miscellaneous Income	2107562	9042868
Profit on sale of asset	766119	724648
TOTAL	2873681	9767516
15. INCREASE / DECREASE IN FINISHED GOODS STOCK		
OPENING STOCK		
Finished Goods	55182915	47199755
Impurities, Runner & Riser	1354061	1124500
Gunnies	948319	482287
	57485295	48806542
CLOSING STOCK		
Finished Goods	98827612	55182915
Impurities, Runner & Riser	3288157	1354061
Gunnies	782010	948319
	102897779	57485295
Increase/Decrease in Finished Goods	45412484	8678753

SCHEDULES (Contd...)

Particulars	31.03.2011	31.03.2010
(Rupees)		
16. RAW MATERIALS CONSUMED		
Wheat	792136693	685048543
Iron Materials	206563197	118370410
Cotton	439264083	305364311
TOTAL	1437963973	1108783264
17. INTEREST		
Bank and Institutions	64226028	63049227
Fixed Deposit and Other Interest	7028633	14902476
	71254661	77951703
Less : Interest Receipts	1491562	2429779
TOTAL	69763099	75521924
18. OTHER EXPENSES		
Salaries, Wages and Bonus	93342017	64119356
Contribution to PF and other Funds	6880516	6112715
Employees' Welfare	3218143	1502256
Gratuity	3020950	218799
Fabrication Charges	30521746	14558207
Power and Fuel	115163009	68660663
Stores, Spares and Packing Materials	98235050	63666514
Repairs to Machineries	51665570	26588252
Factory Maintenance and Buildings Repairs	9730206	7033830
Commission and Discount	12593820	8173394
Freight	7802585	7730556
Insurance	2708447	2794495
Auditor's Fees and Expenses	926461	724199
Rent and Office Maintenance	1666765	1111645
Rates and Taxes	4582004	3513637
Advertisement and Sales Promotion Expenses	1679817	1148689
Donation	130000	—
Miscellaneous Expenses	53092	31729
Water Charges and Maintenance	55493	58564
Printing and Stationery	1145115	1094199
Postage, Telegram and Telephones	1538807	1242565
Subscription and Periodicals	328263	481276
Vehicle Maintenance	2101280	1463203
Travelling	7006793	4106656
Filing Fees	17005	12755
Legal Expenses and Professional Charges	6743587	5273081
Enlisting Fees	39708	39708
Furniture and other Repairs	28170	46219
Gardening	58725	67298
Lighting	107241	172994
Data Processing	955535	437690
Yarn Conversion Charges	824385	1476946
Pollution Control Expenses	207097	74116
Loss on Sale of Assets	12348	237794
Bank Commission	2798792	1997006
Bad Debts Written Off	10818963	10672760
TOTAL	478707505	306643766

SCHEDULES (Contd...)

19 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.

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 Profit and Loss Account except in respect of liabilities incurred for acquisition of fixed asset.

f EMPLOYEES BENEFITS

(I) Future liability towards gratuity to employees is determined on the basis of actuarial valuation as at the year end and funded through separate approved trust. Contributions to Provident Fund, ESI and Family Pension Fund being fixed contributions are absorbed in the accounts.

(ii) Voluntary Retirement lumpsum compensation paid to workmen are written off over a period of five years commencing from the year in which the said payment was made to the workmen, since the benefits of such payment accrue over a period of five years.

g DEFERRED TAX

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

SCHEDULES (Contd...)

		(Rupees)			
Particulars		31.03.2011		31.03.2010	
2.	Number of employees who are in receipt or entitled to receive emoluments amounting in aggregate Rs.5,00,000/- or more per month	Nil		Nil	
3.	CONTINGENT LIABILITIES				
	Claims, Excise and Customs Duty, Taxes and other matter-not acknowledged by the Company				
	(a) Guarantees by Banks	4410000		4410000	
	(b) Claims against the Company not acknowledged as debts	3525034		1242811	
	(c) Customs authority has confirmed import duty demands aggregating Rs.19,47,408/- in respect of wheat imported. The Company has disputed the said demand and has filed appeal to Appellate Authority.				
4.	Income tax appeals are pending before the Supreme Court for the Assessment years 1991-92 to 1993-94, 1995-96 and 1996-97 Commercial tax and levy of PF damages are pending in appeal.				
5.	Remuneration to Whole time Directors:				
	Salary and Allowances	4613261		4103377	
	Medical, Insurance and other benefits	544167		677316	
		5157428		4780693	
6.	Expenditure in foreign currency :				
	(a) Foreign travel	1737325		392345	
	(b) Others	4927060		2544440	
7.	Value of imports on c.i.f. basis:				
	(a) Raw Material	—		70490217	
	(b) Spares	1072212		215110	
	(c) Machinery	2153664		14612323	
8.	Earnings in foreign exchange:				
	(a) Export of goods on f.o.b. basis	12112312		16977457	
	(b) Commission Received	Nil		Nil	
9.	Raw material consumed:				
		Value	%	Value	%
	Wheat				
	– Indigenous	762370070	53.02	655281920	59.10
	– Imported	29766623	2.07	29766623	2.68
	Cotton				
	– Indigenous	439264083	30.55	305364311	27.54
	– Imported	—	—	—	—
	Iron Materials				
	– Indigenous	206563197	14.36	118370410	10.68
	– Imported	—	—	—	—
		1437963973	100.00	1108783264	100.00

SCHEDULES (Contd...)

Particulars		31.03.2011	31.03.2010
(Rupees)			
10.	Audit fees and expenses :		
	Statutory Audit Fees	190000	165000
	Statutory Cost Audit Fees	27000	22000
	Fees for other services and expenses	93461	117199
	Internal Audit Fees	316000	275000
	Branch Audit Fees	300000	145000
		926461	724199
11.	Licensed and installed capacity :		
	Flour Mill	74000	74000
	Textile	29520	29520
	Installed Spindles	2760	2760
	Foundry	9600	7200
	Installed M.T		
12.	Actual production meant for sale :		
(a)	Wheat Milled	51789	46999
	Products obtained	51135	46389
(b)	Cotton Consumed	5740319	5494909
	Products obtained	4666490	4505142
(c)	Iron material Consumed	6245	4431
	Products obtained	6005	4305
13.	Opening and closing stock of finished goods :		
(a)	Wheat Products		
	Opening Stock	940	852
	Closing Stock	922	940
(b)	Trading goods		
	Opening Stock	Nil	Nil
	Closing Stock	Nil	Nil
(c)	Cotton yarn		
	Opening Stock	199064	203852
	Closing Stock	349058	199064
(d)	Iron materials		
	Foundry Returns		
	Opening Stock	30	50
	Closing Stock	85	30
	Finished goods		
	Opening Stock	192	177
	Closing Stock	274	192
14.	Earning per share:		
	Profit after taxes	39020546	5162323
	Fully paid shares of Rs.10/- each	5020644	5020644
	Earning per share	7.77	1.03
15.	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		

SCHEDULES (Contd...)

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.

16. 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 31.03.2011.

17. 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	Amount (Rs.in lakhs)
1.	The Lakshmi Textile Suppliers	Director interested concern	Purchase of electrical goods	19.31
2.	Ellargi & Co.,	Director interested concern	Purchase of fuel	1.26
3.	Cape Flour Mills P Ltd.,	Director interested concern	Purchase of power	Nil
			Service - Trade mark permission	1.20
			Sale of sheet metal components	8.88
4.	Mckinnon India P Ltd.,	Director interested concern	Purchase of scrap	0.03
			Sale of sheet metal components	8.13
5.	Super Springs P Ltd.,	Director interested concern	Purchase of scrap	3.42

18. Segment Reporting (Rs.in lakhs)

Sl.No.	Information about primary Business Segments -	NAME OF THE SEGMENTS			Total
		Food Division	Textile Division	Engineering Division	
1.	Revenue	9287.30	7271.06	4485.77	21044.13
2.	Segment Results – Operating Profit	563.99	1051.74	171.87	1787.60
	Less : Interest (Net)	129.28	450.21	118.14	697.63
	Segment Depreciation	26.16	395.38	103.46	525.00
	Add : Other unallocable income net of un allocable expenditure	—	—	—	—
	Net Profit before Tax	408.55	206.15	-49.73	564.97
3.	Capital Employed (Segment Assets - Segment Liabilities)	1673.85	5983.42	1678.94	9336.21
	Unallocable corporate assets less corporate liabilities	—	—	—	681.11
	Total Capital Employed	—	—	—	10017.32

SCHEDULES (Contd...)

19. Disclosure as required under Accounting Standard (AS) 15 of the Companies (Accounting Standards) Rules.

	As at 31.03.2011 (Rs.in lakhs)	As at 31.03.2010 (Rs.in lakhs)
Defined Benefit Plans : Gratuity		
(A) Changes in present value of obligations		
Present value of benefit obligations at the beginning of the year	71.52	74.69
Interest cost	5.10	5.35
Current service cost	4.05	2.66
Benefits paid	(15.62)	(6.93)
Actuarial (gain) / loss on benefit obligation	23.46	(4.25)
Present value of benefit obligations at the end of the year	88.51	71.52
(B) Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	71.52	74.69
Expected return on plan assets	5.10	6.17
Contributions	—	—
Actuarial gain / loss on plan assets	(2.70)	(4.60)
Benefits paid	(15.62)	(6.93)
Fair value of plan assets at the end of the year	58.30	69.33
(C) Actuarial gain / loss recognised		
Actuarial gain / loss for the year - obligation	23.46	(4.25)
Actuarial gain / loss for the year - plan assets	2.70	4.60
Total gain / loss recognised in the financial year	26.16	0.35
(D) Expenses recognised in profit and loss account		
Interest cost on benefit obligations	5.10	5.35
Service cost on benefit obligations	4.05	2.66
Expected return on plan assets	5.10	6.17
Net gain / loss recognised in the profit and loss account	26.16	0.35
Expenses recognised in profit and loss account	30.21	2.19
(E) Liabilities recognised in the balance sheet		
Present value of benefit obligations at the end of the financial year	88.51	71.52
Fair value of plan assets	58.30	69.33
Funded status	30.21	2.19
Net assets/ liabilities recognised in balance sheet	30.21	2.19
(F) Actuarial assumptions		
Discount rate	8.00%	7.00%
Expected return on plan assets	8.00%	9.25%
Salary increase	5.00%	5.00%

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

In accordance with my report of date attached

For and on behalf of the Board

K.Gnanasekaran
Director

P. Marimuthu
Chartered Accountant
Membership No. 5770
Place : Coimbatore
Date : 27th May, 2011

Suresh Jagannathan
Managing Director

S. Piramuthu
Company Secretary

Cash Flow Statement for the year ended 31st March, 2011

	Rs. In Lakhs	
	31.03.2011	31.03.2010
a. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	602.61	168.81
Adjustments for		
Depreciation	525.00	540.44
Investments	(7.54)	(4.87)
Dividend	—	—
Interest Paid (Net)	697.63	755.22
	1215.09	1290.79
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1817.70	1459.60
Adjustments for		
Trade and other Receivables	(730.99)	449.33
Inventories	(1427.96)	(889.16)
Trade Payables	972.65	(3.81)
	(1186.30)	(443.64)
Cash generated from operations	631.41	1015.96
Less : Interest Paid (Net)	697.63	755.22
Less : Direct Taxes Paid	(0.29)	(2.66)
	697.34	752.56
Cash flow before extraordinary items	(65.93)	263.40
Extraordinary Items	(37.64)	(103.56)
Net cash from operating activities	(103.57)	159.84
b. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(692.77)	(448.00)
Sale of Fixed Assets	9.54	25.71
Purchase/sale of Investment (Net)	0.00	0.33
Deferred Revenue Expenditure	37.64	103.56
Dividend Received	—	—
	(645.59)	(318.40)
Net cash used in investing activities	(645.59)	(318.40)

		Rs. In Lakhs	
		31.03.2011	31.03.2010
c. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from public issues and reserves on amalgamation	—		—
Proceeds from long term borrowings (Net)	(141.85)		(114.60)
Unsecured loans and deposits	400.98		(413.16)
Working capital borrowings	518.79		689.92
Dividend and tax paid	—	777.92	—
			162.16
	<hr/>	<hr/>	<hr/>
Net increase in cash and cash equivalents (a+b+c)		28.76	3.60
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year		82.22	78.62
Cash and cash equivalents at the close of the year		110.98	82.22

For and on behalf of the Board

K. Gnanasekaran
Director

Suresh Jagannathan
Managing Director

S.Piramuthu
Company Secretary

AUDITOR'S CERTIFICATE

I have verified the above cash flow of KLRF Limited, Gangaikondan derived from the audited annual financial statement for the years 31st March, 2011 and 31st March, 2010 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 : 27th May, 2011

P.Marimuthu
Chartered Accountant
Membership No.5770

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

1. Registration Details

Registration Number	4674
Balance Sheet Date	31.03.2011

State Code	18
------------	----

2. Capital raised during the year (Amount in Rs.Thousands)

Public Issue	NIL
Bonus Issue	NIL

Rights Issue	NIL
Private Placement	NIL

3. Position of mobilisation and deployment of funds (Amount in Rs.Thousands)

Total Liabilities	1001731
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Total Assets	1001731
--------------	---------

Sources of funds

Paid up capital	50206
Secured Loan	662387

Reserves and Surplus	190940
Unsecured Loans	88650
Deferred Tax	9548

Application of funds

Net Fixed Assets	427050
Net Current Assets	574666

Investments	15
Deferred Revenue Expenditure	-

4. Performance of the Company (Amount in Rs. Thousands)

Turnover	2146964
Profit/Loss before Tax	56497
Earnings per share in Rs.	7.77

Total Expenditure	2047916
Profit/Loss after tax	39021
Dividend (%)	NIL

5. Generic names of three principal products/services of company (as per monetary terms)

Item Code No. (ITC Code)	11010000
Product Description	WHEAT FLOUR
Item Code No. (ITC Code)	52071000
Product Description	COTTON YARN
Item Code No. (ITC Code)	73251000
Product Description	IRON CASTINGS

In accordance with my report of date attached

For and on behalf of the Board

K.Gnanasekaran
Director

Suresh Jagannathan
Managing Director

P. Marimuthu
Chartered Accountant
Membership No. 5770

Place : Coimbatore
Date : 27th May, 2011

S. Piramuthu
Company Secretary

KLRF Limited

Regd. Office : 75/8, Benares Cape Road, Gangaikondan – 627 352

ADMISSION SLIP

Name of the Member/ Joint holder	
Name of Proxy	

I hereby record my presence at the 49th Annual General Meeting of the Company held on Thursday the 15th September, 2011 at 10.45 AM at the Registered Office : 75/8, Benares Cape Road, Gangaikondan-627 352.

Folio No. Demat A/C No.	
----------------------------	--

.....
Signature of Member / Proxy

No. of Shares	
---------------	--

KLRF Limited

Regd. Office : 75/8, Benares Cape Road, Gangaikondan – 627 352

PROXY FORM

I / We
of being a Member /
Members of KLRF Limited hereby appoint
..... of
or failing him of
as my / our Proxy to attend and vote for me / us on my / our behalf at the 49th Annual General Meeting of the Company to be held on Thursday, the 15th September, 2011 at 10.45 AM at the Registered Office : 75/8, Benares Cape Road, Gangaikondan – 627 352 and at any adjournment thereof.

Signed this day of 2011.

Folio No. Demat A/C No.	
----------------------------	--

Affix
Re1
Revenue
Stamp

No. of Shares	
---------------	--

- Notes :**
- (1) The form should be signed across the stamp as per specimen signature registered with the Company.
 - (2) The proxy form duly completed must reach the Registered Office of the Company at 75/8, Benares Cape Road , Gangaikondan – 627 352, not less than 48 hours before the time of meeting.

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KLRF Limited
75/8, Benares Cape Road
Gangaikondan – 627 352
Tirunelveli District