

2016
Annual Report

KLRF Limited

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KLRF Limited

CIN : L15314TN1961PLC004674

Board of Directors

Sudarsan Varadaraj

V.N.Jayaprakasam

S.Govindan

K.Gnanasekaran

Kalyani Balasubramanian

Suresh Jagannathan

Managing Director

R. Kannan

Executive Director and Chief Financial Officer

S. Piramuthu

Company Secretary

Auditor

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

Branch Auditors

M/s Haribhakti & Co LLP
Chartered Accountants, Coimbatore

Secretarial Auditor

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

Bankers

Canara Bank
HDFC Bank Ltd
IDBI Bank Ltd

Registered Office

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

Administrative Office

1054/21, Avanashi Road
Coimbatore-641018

Food Division

Gangaikondan – 627352

Engineering Division

Coimbatore-641020

Registrar and Share Transfer Agent

Link Intime India Private Limited
"Surya" 35, Mayflower Avenue
Senthil Nagar, Sowripalayam Road
Coimbatore – 641028, Tamilnadu
Telephone : 0422 – 2314792
Telefax : 0422 – 2314792
E-mail : coimbatore@linkintime.co.in

NOTICE

Notice is hereby given that the Fifty Fourth Annual General Meeting of the Company will be held on Wednesday the 14th September, 2016 at 10.00 a.m., at the Company's Registered Office at 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli District to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2016 including audited Balance Sheet as at 31st March, 2016, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in the place of Sri.V.N.Jayaprakasam (DIN 00003710) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint an Auditor and fix his remuneration

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 139, 142 and 143 (8) of the Companies Act, 2013 M/s Haribhakti & Co LLP, Chartered Accountants, Coimbatore (Registration No.103523W) be and are hereby appointed as Branch Auditor of the Company to hold office upto the conclusion of the next Annual General Meeting to audit the books of accounts of the engineering division of the Company, Coimbatore for the financial year 2016 - 17 on a remuneration of ₹ 5,68,000/- (Rupees five lakhs sixty eight thousand only) excluding applicable taxes and out of pocket expenses incurred in connection with the audit.

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Sri.M.Kannan, (Membership Number 9167), Cost Accountant appointed as Cost Auditor by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2016-2017, on a remuneration of ₹ 55,000/- (Rupees fifty five thousand only) be and is hereby ratified and confirmed.

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

Statement pursuant under Section 102 of the Companies Act, 2013

Item No.4

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

The proposed resolution set out in Item No.4 of the Notice seeks the authorization of the members to appoint Branch Auditor for the financial year 2016-2017.

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

Item No.5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Sri. M.Kannan, Cost Accountant, as Cost Auditor to conduct the audit of the cost records of the Company for the financial year 2016-17. In accordance with the provisions of Section 148 of the Companies Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the Members of the Company. Accordingly, consent of the Members is sought for passing Ordinary Resolution as set out at Item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year 2016-17.

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

Notes :

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

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

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

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2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members/Proxies should bring the attendance slips duly filled and signed for attending the meeting.
4. Details under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 and clause 1.2.5 of Secretarial Standard (SS-2) in respect of the Director's seeking re-appointment at the Annual General Meeting are furnished and forms a part of the notice.
5. The register of members and share transfer books of the Company will remain closed from 8th September 2016 to 14th September 2016 (both days inclusive).
6. Members holding shares in physical form are requested to notify immediately any change in their address along with respective address proof to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA.
7. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
8. 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 2007-2008 have already been transferred to Investors' Education and Protection Fund. Pursuant to Section 205A of the Companies Act, 1956, the dividend which remain un-encashed / unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the "Investor Education and Protection Fund" established by the Central Government. According to the relevant provisions of the Companies Act, 1956, as amended, no claim shall lie against the said fund or the Company for the amount of unclaimed dividend so transferred to the said Fund.
9. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
10. Members holding shares in physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with physical shares.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. members holding shares in physical form can submit their PAN to the Company or to Registrar and Transfer Agent.
12. Pursuant to the provisions of Section 72 of the Companies Act, 2013, Members may file nomination forms in respect of their physical shareholdings. Any member willing to avail this facility may submit to the Company's Registrar & Share Transfer Agent in the prescribed statutory form. Should any assistance be desired, members should get in touch with the Company's Registrar & Share Transfer Agent.
13. Electronic copy of the Annual Report for 31st March 2016, the Notice of the 54th Annual General Meeting of the Company and instructions for e-voting, Attendance Slip and Proxy Form, are being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
14. Members are requested to register / update their e-mail address in respect of shares held in dematerialized form with their respective depository participants and in respect of shares held in physical form with M/s. Link Intime India Pvt. Ltd.
15. Members are requested to note that the venue of the 54th Annual General Meeting at 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli and the route map containing the complete particulars of the venue is attached to this notice.
16. Voting through electronic means

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 the Company is pleased to provide its members the facility to exercise their right to vote at the 54th Annual General Meeting by electronic means and the business may be transacted through remote e-voting services provided by Central Depository Services (India) Limited (CDSL).

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

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

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The instructions for shareholders voting electronically are as under

- (i) The voting period begins on 11.09.2016 at 9.00 A.M. and ends on 13.9.2016 at 5.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 7th September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in physical Form should enter Folio Number registered with the Company.
- (v) Next enter the image verification as displayed and click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN

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

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

DOB

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

Dividend Bank Details

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

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

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- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.
- (xi) Click on the EVSN for the relevant < KLRF LIMITED> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print out of the voting done by you by clicking on "Click here to print" option on the voting page.
- (xvii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians

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- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 7th September, 2016.

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

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

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

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17. Re-appointment of Director

A brief resume, nature of experience in specific functional areas and other Directorship of committees in respect of re-appointment of Director is given in terms of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and clause 1.2.5 of Secretarial Standard (SS-2) .

Name	Sri.V.N.Jayaprakasam
Directors Identification Number (DIN)	00003710
Age	78 Years
Nationality	Indian
Date of first appointment on the Board	1-7-1996
Relationship with other Directors, Manager and KMP	Not related to any Director, Manager or KMP
Qualification	B.Sc., Diploma from Swiss Milling School. St.Gallen
Expertise in Specific Area	51 years of experience in Flour Milling Industry
Shareholding in KLRF Limited	7117 shares
Terms of appointment or reappointment	Liable to retire by rotation
Remuneration sought to be paid	Sitting fees only
Remuneration last drawn	₹ 38,000/- paid as sitting fees
No. of Board Meetings attended	3
List of Directorship held in other Companies	Sri Vishnudurga Agro Estates P Ltd., Eltex Precision Dies and Tools P Ltd., Prokop Eltex India P Ltd.,
Membership / Chairmanship of Audit and Stakeholders Relationship Committee	Member in Stakeholders Relationship Committee of the Company

By Order of the Board

Suresh Jagannathan

Managing Director

DIN : 00011326

Place : Coimbatore

Date : 30.05.2016

DIRECTORS' REPORT**Dear Shareholders,**

The Directors present their Fifty Fourth Annual Report together with the audited statement of accounts for the year ended 31st March, 2016.

	(₹ in Lakhs)	
FINANCIAL RESULTS	31.3.2016	31.3.2015
Total Turnover (Net)	20690.17	21723.91
Profit before financial charges and depreciation	1810.78	1267.21
Less : Financial charges	637.20	799.23
Profit before depreciation	1173.58	467.98
Less : Depreciation	251.56	307.06
Profit before tax	922.02	160.92
Add / Less Provision for tax - Current	187.99	32.20
- MAT credit entitlement	(44.56)	-
- Deferred tax assets (-) / liabilities	190.87	(44.60)
Net Profit /after tax carried to balance sheet	587.72	173.32

REVIEW OF BUSINESS OPERATIONS

During the year ended 31st March 2016, the Company has recorded a total turnover of ₹ 20690 lakhs as against ₹ 21724 lakhs achieved during the previous year. The profit after tax amounted to ₹ 588 lakhs as against ₹ 173 lakhs in the previous year. The Profit before Interest, Depreciation, Taxes and Amortization (PBIDTA) amounted to ₹ 1811 lakhs as against ₹ 1267 lakhs in the previous year.

There was no change in the nature of business of the Company during the financial year ended 31st March 2016.

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

FINANCE

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

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS

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

Obligations and Disclosure Requirements) Regulations, 2015. The Certificate from the statutory auditor relating to the above is annexed.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2016 was ₹ 5,02,06,440/-. During the year under review, the Company has not made any fresh issue of any shares.

TRANSFER TO RESERVES

The Company has not transferred any amount to its General Reserves. However, an amount of ₹ 587.72 lakhs is carried forward in the Profit & Loss Account.

DIVIDEND

Your directors are unable to recommend any dividend for the year ended 31st March, 2016.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Company has transferred unpaid dividend amounts within the statutory period to the IEPF. During the financial year 2015-16, unclaimed dividend of ₹ 1,99,292/- relating to the financial year 2007 - 08 was transferred to the IEPF.

EXTRACT OF ANNUAL RETURN

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

MEETINGS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for the financial year ended 31st March, 2016 on a going concern basis.
- v. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION OF INDEPENDENT DIRECTORS

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

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their Remuneration. The Remuneration Policy is furnished in the Company's website at www.klrf.in abstract of which is furnished as "Annexure - D" and forms part of this report.

AUDITORS

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

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

COST AUDITOR

The Board of Directors at its meeting held on 30th May, 2016, based on the recommendation of the audit committee appointed Sri.M.Kannan, Cost Accountant as Cost Auditor for conducting the Cost Audit for the financial year 2016 - 2017.

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

Cost audit report for the year ended 31st March 2015 has been filed before the time limit prescribed under the Act.

SECRETARIAL AUDIT

Pursuant to provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed Sri.M.D.Selvaraj, FCS, Proprietor of MDS & Associates, Company Secretaries, Coimbatore to conduct the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure-A"

COMMENTS ON AUDITORS REPORT

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS U/S 186

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the period under review and hence the said provision is not applicable. Details of investments made in the prior years are given in the notes 9 of the financial statement.

RELATED PARTY TRANSACTIONS

All transactions entered into during the financial year 31st March, 2016 with related parties as defined under the Companies Act and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transaction referred to in Section 188 of the Companies Act, with related parties which could be considered material under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the disclosure of related party transactions as required under Section 134(3) of the Companies Act in Form AOC-2 is not applicable. Attention of members is drawn to the disclosures of transactions with related parties set out in Other Notes on Accounts 22 (16) forming part of the financial statements.

The Company has developed a policy on related party transactions for identification and monitoring of transactions. The policy on related party transactions as approved by the Board, is uploaded and can be accessed at company's website www.klrf.in

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

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

RISK MANAGEMENT

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

CORPORATE SOCIAL RESPONSIBILITY

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility Committee at their Board Meeting held on 30th May, 2016. The Committee comprises of Sri.Suresh Jagananthan, Sri.Sudarsan Varadaraj, Sri.K.Gnanasekaran and Sri. R. Kannan as its members.

The Company has however not required to incur any expenditure on the CSR initiatives during the year under review as the average net profits of the preceding three financial years of the Company was negative.

BOARD EVALUATION

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

The Board's performance was evaluated based on criteria like structure, governance, dynamics and functioning and review of operations, financials, internal controls etc.,

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The shareholders at the Annual General Meeting held on 16th September, 2015 appointed Mrs. Kalyani Balasubramanian as an Independent Director of the Company for a term of five years.

The shareholders at the Annual General Meeting held on 16th September, 2015 re-appointed Sri.Suresh Jagannathan as Managing Director for a period of five years from 12th March, 2016.

Sri.V.N.Jayaprakasam, Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

KEY MANAGERIAL PERSONNEL

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

AUDIT COMMITTEE

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

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

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

CONSERVATION OF ENERGY

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

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

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

No specific investment has been made in reduction in energy consumption

(iii) The capital investment on energy conservation equipments.

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

TECHNOLOGY ABSORPTION

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

EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT

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

FOREIGN EXCHANGE EARNINGS AND OUT GO

During the year under review, your Company has earned foreign exchange of ₹ 12.63 lakhs and out flow of ₹ 351.69 lakhs

SUBSIDIARY COMPANIES

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

FIXED DEPOSITS

Your company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Hence there are no unclaimed or unpaid deposits as on 31st March, 2016.

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

The requisite details relating to ratio of remuneration, percentage increase in remuneration etc. as stipulated under section 197(12) and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure-C to this Report.

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

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

LISTING

Equity shares of the Company continued to be listed on BSE Limited. During the financial year 2015 - 2016, your Company has entered into a new Listing Agreement with BSE

KLRF Limited

Limited, in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ORDERS BY REGULATORS, COURTS OR TRIBUNALS

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

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

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy. The Company has not received any sexual harassment complaint during the year 2015 - 2016.

ACKNOWLEDGEMENTS

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

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

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

By Order of the Board

Sudarsan Varadaraj

Director

DIN : 00133533

Suresh Jagannathan

Managing Director

DIN : 00011326

Place : Coimbatore

Date : 30.05.2016

MANAGEMENT DISCUSSION AND ANALYSIS

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

Results

The turnover of the Company for the year is ₹ 20690 lakhs as against ₹ 21724 lakhs last year.

The Company earned an EBIDTA ₹ 1811 lakhs

The Food division earned an EBIDTA of ₹ 682 lakhs on milling of 59,087 Metric tons of wheat accounting for 65% of the turnover of the Company.

Engineering Division has earned an EBIDTA of ₹ 654 lakhs.

Capital Investment

Company has made a total capital investment of ₹ 267 lakhs. These investments will result in increase in production, cost reduction and improvement in quality.

OPPORTUNITIES, CHALLENGES, RISKS & CONCERNS

Food Division

During the year we have milled 59,087 tons of wheat. This is a 5% increase over the previous year. Continuous efforts are undertaken to develop innovative user specific products. Modernisation of equipment and introduction of new products will result in better capacity utilization and higher market share. Due to deficient monsoon the country had a lower wheat crop. Since the volume of wheat procured by government is inadequate. Import of wheat also is likely to be liberalized.

Engineering Division

Inspite of the sluggish conditions that prevailed in the user industries, our foundry division maintained stable production.

Exceptional growth in economy and increase in purchasing power will see a revival of all industries agricultural, automotive, capital goods and services. This bodes well for the growth and profitability of this division.

SEGMENT-WISE AND PRODUCT - WISE PERFORMANCE

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

ECONOMIC OUTLOOK FOR THE YEAR

Governments progressive reforms, anticipated good monsoon and consequent growth in rural economy will result in all round growth. GDP for the year 2015 - 16 has been 7.6% an increase of 0.4% over the previous year. It is only likely to increase with favourable economic conditions.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company believes that its people are a key differentiator, especially in a knowledge driven, competitive and a global business environment. Adapting work culture to suit the dynamic balancing of people requirements and employee needs is an ongoing process. Fundamental HR processes which enable higher performance orientation, speed, skill and competency development, talent management are corner stones for the success of any organization. The Company is giving direct employment to 220 employees.

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

CAUTIONARY STATEMENT

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

By Order of the Board

Sudarsan Varadaraj

Director

DIN : 00133533

Suresh Jagannathan

Managing Director

DIN : 00011326

Place : Coimbatore

Date : 30.05.2016

**Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016**

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

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

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

Based on my verification of M/s.KLRF Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Companies Act, 1956 and the rules made thereunder (to the extent applicable);
- iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iv) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Enforced from 1st December 2015)

KLRF Limited

- b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (till 14th May 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Enforced from 15th May 2015)
- d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

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

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

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

- a. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI) and made applicable with effect from 1st July, 2015;
- b. The Listing Agreement entered into by the Company with BSE Limited ;

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

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

- a. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable.

I further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

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

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

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

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

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

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

Place : Coimbatore

Date : 30.05.2016

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

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

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

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

Place : Coimbatore
Date : 30.05.2016

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

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN	L15314TN1961PLC004674
ii) Registration Date	16 th December, 1961
iii) Name of the Company	KLRF LIMITED
iv) Category / Sub-Category of the Company	Company limited by shares
v) Address of the Registered office and contact details	75/8, Benares Cape Road Gangaikondan-627352, Tirunelveli District, Tamil Nadu, India Phone : +91 462 2486532 Fax : +91 462 2486132 E-mail : ho@klrf.in
vi) Whether listed Company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Link Intime India Private Limited "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028, Tamil Nadu, India Telephone : +91 422 2314792, 2315792 Telefax : +91 422 2314792 E-mail : coimbatore@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Flour Milling	10611	65.41%
2.	Iron and Steel Castings	24319	28.25%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES
(No. of Companies for which information is being filled)

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

KLRF Limited

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-April-2015)				No. of Shares held at the end of the year (As on 31-March-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A Promoters									
1 Indian									
a Individual / HUF	14,71,056	—	14,71,056	29.30	14,71,056	—	14,71,056	29.30	—
b Central Govt	—	—	—	—	—	—	—	—	—
c State Govt	—	—	—	—	—	—	—	—	—
d Bodies Corp.	10,75,923	—	10,75,923	21.43	10,75,923	—	10,75,923	21.43	—
e Banks/ FI	—	—	—	—	—	—	—	—	—
f Any other	—	—	—	—	—	—	—	—	—
Sub-total (A)(1)	25,46,979	—	25,46,979	50.73	25,46,979	—	25,46,979	50.73	—
2 Foreign									
a NRIs - Individuals	—	—	—	—	—	—	—	—	—
b Other Individuals	—	—	—	—	—	—	—	—	—
c Bodies Corp.	—	—	—	—	—	—	—	—	—
d Banks/ FI	—	—	—	—	—	—	—	—	—
e Any other	—	—	—	—	—	—	—	—	—
Sub-total (A)(2)	—	—	—	—	—	—	—	—	—
B Public Shareholding									
1 Institutions									
a Mutual Funds	—	—	—	—	—	—	—	—	—
b Banks/FI	—	805	805	0.01	—	805	805	0.01	—
c Central Govt	—	—	—	—	—	—	—	—	—
d State Govt	—	—	—	—	—	—	—	—	—
e Venture Capital Funds	—	—	—	—	—	—	—	—	—
f Insurance Companies	2,50,000	—	2,50,000	4.98	2,50,000	—	2,50,000	4.98	—
g FIS	—	—	—	—	—	—	—	—	—
h Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i Others (specify)	—	—	—	—	—	—	—	—	—
Sub - total (B) (1)	2,50,000	805	2,50,805	4.99	2,50,000	805	2,50,805	4.99	—

KLRF Limited

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-April-2015)				No. of Shares held at the end of the year (As on 31-March-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2 Non Institutions									
a Bodies Corp	1,59,100	5,451	1,64,551	3.28	78,644	5,451	84,095	1.69	(1.59)
i Indian	—	—	—	—	—	—	—	—	—
ii Overseas	—	—	—	—	—	—	—	—	—
b Individuals	—	—	—	—	—	—	—	—	—
i Individual shareholders holding nominal share capital upto ₹1 lakh	11,99,453	2,11,661	14,11,114	28.11	11,13,096	2,07,809	13,20,905	26.31	(1.80)
ii Individual shareholders holding nominal share capital in excess of ₹1 lakh	4,78,051	1,03,375	5,81,426	11.58	5,38,441	1,03,375	6,41,816	12.78	1.20
c Others (specify)									
Unclaimed shares, Trust, Clearing Members & Market Makers	10,170	—	10,170	0.20	30,657	—	30,657	0.61	0.41
NRI- Repat & Non-Repatriate	11,515	—	11,515	0.23	15,338	—	15,338	0.30	0.07
HUF	16,342	1,200	17,542	0.35	1,02,307	1,200	1,03,507	2.06	1.71
Directors and their relatives	11,792	14,750	26,542	0.53	11,792	14,750	26,542	0.53	—
Sub-total(B)(2)	18,86,423	3,36,437	22,22,860	44.28	18,90,275	3,32,585	22,22,860	44.28	—
Total Public Shareholding (B)=(B)(1)+(B)(2)	21,36,423	3,37,242	24,73,665	49.27	21,40,275	3,33,390	24,73,665	49.27	—
C Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	46,83,402	3,37,242	50,20,644	100	46,87,254	3,33,390	50,20,644	100.00	—

KLRF Limited

ii) Shareholding of Promoter-

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (As on 01 - April-2015)			Shareholding at the end of the year (As on 31- March-2016)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Sri. Suresh Jagannathan (Individual and HUF)	10,96,211	21.83	—	10,96,211	21.83	—	—
2	Sri. V.Jagannathan (Individual and jointly with) Sri. Suresh Jagannathan and Mrs. J.Chandrankanthi	3,18,320	6.34	—	3,18,320	6.34	—	—
3	Sri. Sharath S Jagannathan	56,525	1.13	—	56,525	1.13	—	—
4	M/s. Cape Flour Mills Private Limited	9,97,935	19.88	—	9,97,935	19.88	—	—
5	M/s. Chempaka General Finance P Ltd.	6,488	0.13	—	6,488	0.13	—	—
6	M/s. Mckinnon India Private Limited	71,500	1.42	—	71,500	1.42	—	—
	Total	25,46,979	50.73	—	25,46,979	50.73	—	—

iii) Change in Promoters' Shareholding

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
No Change					

KLRF Limited

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

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri.K.Mohan	2,41,846	4.82	2,41,846	4.82
	Transfer 24/04/2015	5,651	0.11	2,47,497	4.93
	Transfer 30/06/2015	68,769	1.37	3,16,266	6.30
	At the end of the year (as on 31/3/2016)	3,16,266	6.30	3,16,266	6.30
2	M/s United India Insurance Company Limited	2,50,000	4.98	2,50,000	4.98
3	Sri.Pramod Patwari	71,681	1.43	71,681	1.43
4	Sri.M.Senthamarai **				
	Transfer 27/11/2015	8,955	0.18	8,955	0.18
	Transfer 04/12/2015	1,045	0.02	10,000	0.20
	Transfer 11/12/2015	700	0.01	10,700	0.21
	Transfer 18/12/2015	500	0.01	11,200	0.22
	Transfer 25/12/2015	2,632	0.05	13,832	0.27
	Transfer 31/12/2015	5,600	0.11	19,432	0.38
	Transfer 01/01/2016	605	0.01	20,037	0.39
	Transfer 08/01/2016	2,206	0.05	22,243	0.44
	Transfer 15/01/2016	101	0.00	22,344	0.44
	Transfer 29/01/2016	60	0.00	22,404	0.44
	Transfer 05/02/2016	2,999	0.06	25,403	0.50
	Transfer 11/03/2016	1,700	0.03	27,103	0.53
	Transfer 25/03/2016	200	0.01	27,303	0.54
At the end of the year (as on 31/3/2016)			27,303	0.54	
5	Sri.S.Sudhakar	25,050	0.50	25,050	0.50
6	Mrs.S.Sumitha	24,225	0.48	24,225	0.48
7	Sri.Kanungo Mahesh Nagaraj **	19,401	0.38	19,401	0.38
	Transfer 22/05/2015	1,000	0.02	20,401	0.40
	Transfer 07/08/2015	4,353	0.09	24,754	0.49
	Transfer 14/08/2015	647	0.01	25,401	0.50
	Transfer 30/09/2015	(517)	(0.01)	24,884	0.49
	Transfer 13/11/2015	500	0.01	25,384	0.50
	Transfer 20/11/2015	(1,100)	(0.02)	24,284	0.48
	Transfer 15/01/2016	(300)	(0.01)	23,984	0.47
At the end of the year (as on 31/3/2016)			23,984	0.47	

KLRF Limited

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year during the year		Cumulative Shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	Sri.N.V.Srinivasan	22,600	0.45	22,600	0.45
9	Sri.Sanjay Jayavarthanavelu	21,600	0.43	21,600	0.43
10	Mrs. Minu Patwari **	19,612	0.39	19,612	0.39
	Transfer 25/03/2016	1,000	0.02	20,612	0.41
	Transfer 31/03/2016	500	0.02	21,112	0.42
	At the end of the year (as on 31/3/2016)			21,112	0.42
11	Sri.Piyush Ishverlal Gandhi ##	20,100	0.40	20,100	0.40
12	Sri. Ramanuja Naidu ##	20,000	0.40	20,000	0.40
13	M/s. Dream Consulting Private Limited ##	68,524	1.36	68,524	1.36
	Transfer 24/04/2015	(28,190)	(0.56)	40,334	0.80
	Transfer 01/05/2015	(6,403)	(0.12)	33,931	0.68
	Transfer 08/05/2015	(9,232)	(0.19)	24,699	0.49
	Transfer 15/05/2015	(3,200)	(0.06)	21,499	0.43
	Transfer 22/05/2015	(14,499)	(0.29)	7,000	0.14
	Transfer 05/06/2015	(5,105)	(0.10)	1,895	0.04
	At the end of the year (as on 31/3/2016)			1,895	0.04

** Not in the list of top 10 shareholders as on 31.03.2015. The same has been reflected above since the shareholder was one of the top 10 shareholders as on 31.03.2016

Ceased to be in the list of top 10 shareholders as on 31.03.2016. The same is reflected above since the shareholder was one of the top 10 shareholders as on 31.03.2015

KLRF Limited

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri.Suresh Jagannathan - Managing Director	10,96,211	21.83	10,96,211	21.83
2	Sri.R.Kannan - Executive Director and Chief Financial Officer	1,450	0.02	1,450	0.02
3	Sri.Sudarsan Varadaraj - Independent Director	—	—	—	—
4	Sri.V.N.Jayaprakasam - Director Non Independent	7,117	0.14	7,117	0.14
5	Sri.K.Gnanasekaran - Independent Director	—	—	—	—
6	Sri.S.Govindan - Independent Director	225	—	225	—
7	Mrs.Kalyani Balasubramanian - Independent Director	—	—	—	—
8	Sri. S. Piramuthu - Company Secretary	50	—	50	—

V. INDEBTEDNESS -

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

₹ in Lakhs

Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01/04/2015)				
i) Principal Amount	4244.40	554.65	—	4799.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4244.40	554.65	—	4799.05
Change in Indebtedness during the financial year				
● Addition	137.67	180.00	—	317.67
● Reduction	385.27	186.75	—	572.02
Net Change	(247.60)	(6.75)	—	(254.35)
Indebtedness at the end of the financial year 31/03/2016				
i) Principal Amount	3996.80	547.90	—	4544.70
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3996.80	547.90	—	4544.70

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VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole- Time Directors and/ or Manager : (in ₹)

Sl. No.	Particulars of remuneration	Name of the MD / WTD Manager		
		Sri. Suresh Jagannathan Managing Director	Sri. R. Kannan Executive Director and Chief Financial Officer	Total
1	Gross salary per annum			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	26,65,580	30,00,000	56,65,580
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
-				
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others	-	-	-
5	Others, Please Specify	-	-	-
	Total (A)	26,65,580	30,00,000	56,65,580
	Ceiling as per the Act	₹ 42 Lakhs	₹ 42 Lakhs	₹ 84 Lakhs

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

B. Remuneration to Other Directors

(in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors					Total
		Sri. Sudarsan Varadaraj	Sri. V.N. Jaya -prakasam	Sri. Gnana-sekaran	Sri. S.Govindan	Mrs.Kalyani Bala-subramanian	
1	Independent Directors · Fee for attending board/committee meetings · Commission · Others, please specify	44,000 - -	- - -	84,000 - -	92,000 - -	30,000 - -	2,50,000 - -
	Total (1)	44,000	-	84,000	92,000	30,000	2,50,000
2	Other Non-Executive Directors · Fee for attending board/committee meetings · Commission · Others, please specify	- - -	38,000 - -	- - -	- - -	- - -	38,000 - -
	Total (2)	-	38,000	-	-	-	38,000
	Total (B)=(1+2)	44,000	38,000	84,000	92,000	30,000	2,88,000
	Overall Ceiling as per the Act	Sitting fees paid to the non-executive directors have not been considered as remuneration under Section 197 of the companies Act, 2013					

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

Sl. No.	Particulars of Remuneration	Name of the Key Managerial Personnel Sri. S. Piramuthu Company Secretary	Total ₹
1	Gross salary per annum (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	8,96,472 - -	8,96,472 - -
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit others, specify	- -	- -
5	Others, please specify	-	-
	Total	8,96,472	8,96,472

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VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

'ANNEXURE - C'

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

- The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year.

Sl.No	Name of the director	Ratio
1	Sri.Suresh Jagannathan-Managing Director	12.29 :1
2	Sri.R.Kannan, Executive Director and Chief Financial Officer	13.83 :1

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

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

Sl.No	Name of the Director/Managing Director/Company Secretary	Percentage
1	Sri.Suresh Jagannathan-Managing Director	11.76 %
2	Sri.R.Kannan, Executive Director and Chief Financial Officer	10.34 %
3	Sri.S.Piramuthu, Company Secretary	12.15 %

- The percentage increase in the median remuneration of employees in the financial year 12 %
- The number of permanent employees on the rolls of the Company- 220

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5. The explanation on the relationship between average increase in remuneration and Company performance.

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

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

KMP's remuneration for 2015 – 2016 (₹ in lakhs)	% increase in KMP's remuneration (2015 -2016 against 2014 – 2015)	Sales for 2015 – 2016 (₹ in lakhs)	% increase in sales (2015 – 2016 against 2014 – 2015)
65.62	11.42	20690.17	(4.75)

7. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year.

Particulars	As on 31.03.2015	As on 31.03.2016	Variations	%
Market capitalization (₹ in lakhs)	1707.75	2317.03	610.01	35.73
Price earning ratio	9.86	3.94	(5.92)	(60.04)
Market quotation of the shares as on 31.3.2016 (BSE Limited)	₹ 46.15/- per share of nominal value of ₹ 10/-			
Market quotations of the shares when the Company came out with the last public offer	Offer of public issue in November, 2006 at a price of ₹ 55/- per share of face value of ₹ 10/-			
Percentage increase over/ decrease in the market quotations of the shares of the Company	After the last public offer the Company has acquired M/s. Eltex Super Castings Limited (Transferor Company) and issued 1 equity shares for every 50 shares held by the shareholders of transferor Company. Hence it is not comparable			

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8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average percentile increase granted to employees other than managerial personnel is 13% The increase granted to managerial personnel is 11.42%

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

KMP's Name and Designation	CTC for 2015 – 16 (₹ in lakhs)	% increase in CTC (2015–16 against 2014–15)	Sales for 2015 – 16 (₹ in lakhs)	% increase in sales (2015–16 against 2014 -15)
Sri.Suresh Jagannathan Managing Director	26.66	11.76 %		
Sri.R.Kannan Executive Director and Chief Financial Officer	30.00	10.34 %	20690.17	(4.75)
Sri.S.Piramuthu Company Secretary	8.96	12.15 %		
Total	65.62	11.42 %		

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

By Order of the Board

Sudarsan Varadaraj

Suresh Jagannathan

Director

Managing Director

Place : Coimbatore

DIN : 00133533

DIN : 00011326

Date : 30.05.2016

EXTRACT OF REMUNERATION POLICY

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

REPORT ON CORPORATE GOVERNANCE

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

1. Company's Philosophy on code of Corporate Governance

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

2. Board of Directors

The Board comprises of a Managing Director, one Executive Director, one Non Independent Director and four Non-Executive Directors. The Company has a woman director. There are four Independent directors who bring independent judgement in the board's deliberations and decisions.

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

Name of the Director	Category	No.of other Directorships held in Public Limited Companies (*)	Membership in Committee of other Companies @	
			Chairman	Member
Sri.Suresh Jagannathan Managing Director	Executive - Promoter	3	Nil	2
Sri.Sudarsan Varadaraj	Non Executive - Independent	5	Nil	2
Sri.V.N.Jayaprakasam	Non Executive - Non Independent	Nil	Nil	Nil
Sri.K.Gnanasekaran	Non Executive-Independent	1	Nil	1
Sri.S.Govindan	Non Executive-Independent	Nil	Nil	Nil
Sri.R.Kannan Executive Director and Chief Financial Officer	Executive - Non Independent	Nil	Nil	Nil
Mrs.Kalyani Balasubramanian	Non Executive - Independent	Nil	Nil	Nil

* Exclude directorship in private companies and foreign companies.

@ Audit Committee and Stakeholders Relationship Committee are considered.

None of the directors are related to each other.

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

The Board met four times during the financial year on 29th May, 2015, 31st July, 2015, 30th October, 2015 and 3rd February, 2016 and the gap between the meetings did not exceed four months. The attendance of Directors at the Board Meetings and the Annual General Meeting held during the years is as under :

Name of the Director	Board Meeting		Attendance at the last AGM Yes/ No
	Held	Attended	
Sri. Suresh Jagannathan	4	4	Yes
Sri. Sudarsan Varadaraj	4	2	Yes
Sri. V.N.Jayaprakasam	4	3	Yes
Sri. K.Gnanasekaran	4	4	No
Sri. S.Govindan	4	4	Yes
Sri. R.Kannan	4	4	Yes
Mrs. Kalyani Balasubramanian	4	3	No

Shareholding of Non-Executive Directors

Name of the Director	No.of shares held	% of holdings
Sri. S. Govindan	225	0.004 %
Sri. V.N. Jayaprakasam	7,117	0.141 %

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

Familiarization Programme for Independent Directors

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

The familiarization programmes for Independent Directors are disclosed on the Company's website at www.klrf.in

Independent Directors' Meeting

Pursuant to the provisions of the Companies Act, 2013 a meeting of Independent Directors was held on 4th February, 2016, to discuss:

- a. Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole and
- b. Evaluation of the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonable perform its duties.

Evaluation of Board's Performance

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

3. Audit Committee

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

Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditor, Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditor, Branch Auditors, Internal Auditors and Cost Auditor of the Company

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

Name of the Member	Category	Attendance
Sri. Sudarsan Varadaraj (Chairman)	Non – Executive - Independent	2
Sri. K.Gnanasekaran	Non – Executive - Independent	4
Sri. S.Govindan	Non – Executive - Independent	4

The Company Secretary acts as the Secretary to the Committee. The Chief Financial Officer, Branch, Internal and the Statutory Auditor of the Company had also attended the meetings. The minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken on record. The Audit Committee considered and reviewed the accounts for the year 2015 - 2016, before it was placed in the Board. The constitution of Audit Committee also meets with the requirements under

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Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

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

Number of Audit Committee Meeting held	4
Dates on which held	29 th May, 2015, 31 st July, 2015, 30 th October, 2015 and 3 rd February, 2016

4. Nomination and Remuneration Committee

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

The Committee comprises of 3 Independent Non-Executive Directors. The Committee during the year met two times on 29th May, 2015 and 31st July 2015. The attendance of the members was as under:

Name of the Member	Category	No of Meetings during the year 2015 - 2016	
		Held	Attended
Sri. Sudarsan Varadaraj (Chairman)	Non – Executive - Independent	2	2
Sri. K.Gnanasekaran	Non – Executive - Independent	2	2
Sri. S.Govindan	Non – Executive - Independent	2	2

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

The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's website at www.klrf.in.

5. Remuneration of Directors

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

₹ in lakhs				
Name	Service Term	Remuneration & Perquisites	Sitting Fees	Total
Sri. Suresh Jagannathan	12.3.2016 to 11.3.2021	26.66		26.66
Sri. R. Kannan	1.7.2014 to 30.6.2019	30.00		30.00
Sri. Sudarsan Varadaraj	—		0.44	0.44
Sri. V.N. Jayaprakasam	—		0.38	0.38
Sri. K. Gnanasekaran	—		0.84	0.84
Sri. S. Govindan	—		0.92	0.92
Mrs.Kalyani Balasubramanian	—		0.30	0.30

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

The Company does not have any Employee Stock Option Scheme

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

No commission was paid to Directors during the year.

6. Stakeholders Relationship Committee

The Committee comprises of the following Directors;

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

The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate shares certificates and looks into the shareholders/ Investor complaints, if any, on transfer of shares, non-receipt of dividend, annual report etc. . In addition, the Committee looks into other issues including status of dematerialization/re-dematerialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The Compliance Officer is Sri.S. Piramuthu, Company Secretary.

The Minutes of Shareholders Committee were placed at the Board Meeting. During the year, no complaint was received from the shareholders. There are no pending complaints as on 31.3.2016.

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During the year under review, the Committee met four times to deliberate on various matters referred above. The constitution of Stakeholders Relationship Committee also meets with the requirements under Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

Pursuant to clause 47(c) of the Listing Agreement/ Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

Unclaimed shares demat suspense account

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

Sl. No.	Particulars	No. of cases	No. of Equity Shares
1	Aggregate number of shareholders and the outstanding equity shares in the suspense account lying at the beginning of the year;	175	1596
2	Number of shareholders who approached the Company for transfer of equity shares from suspense account during the year;	2	16
3	Number of shareholders to whom equity shares were transferred from suspense account during the year;	2	16
4	Aggregate number of shareholders and the outstanding equity shares in the suspense account lying at the end of the year.	173	1580

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

Management Discussion and Analysis Report

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

Corporate Social Responsibility (CSR) Committee

The Committee constituted on 30th May 2016, comprises Sri.Suresh Jagannathan, Sri.Sudarsan Varadaraj, Sri.K.Gnanasekaran and Sri.R.Kannan as members.

7. Annual General Meetings

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

Year	Date of Meeting	Time of Meeting	Location
2012-13	16.09.2013	10:00 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352
2013-14	18.09.2014	10:15 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352
2014-15	16.09.2015	10:00 a.m.	75/8, Benares Cape Road, Gangaikondan, Tirunelveli District-627352

Special Resolutions Passed, if any

51st Annual General Meeting : Nil
2012-13

52nd Annual General Meeting : Appointment of Sri. S.Govindan, Sri. Sudarsan
2013-14 Varadaraj, Sri.K.Gnanasekaran as Independent
Directors

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

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

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

Alteration of Articles of Association of the Company

53rd Annual General Meeting : Nil
2014-15

EGM & Postal Ballots

No special resolution passed through postal ballots during the financial year ended 31st March, 2016

None of the business proposed to be through postal ballot

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

8. Means of Communication

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

9. General Shareholder information

a. Annual General Meeting

Date	14.9.2016
Time	10.00 A.M.,
Venue	75/8, Benares Cape Road, Gangaikondan-627352

b. Financial Year : 1st April to 31st March

c. Dividend payment date : Not applicable

d. Listing on Stock Exchanges

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

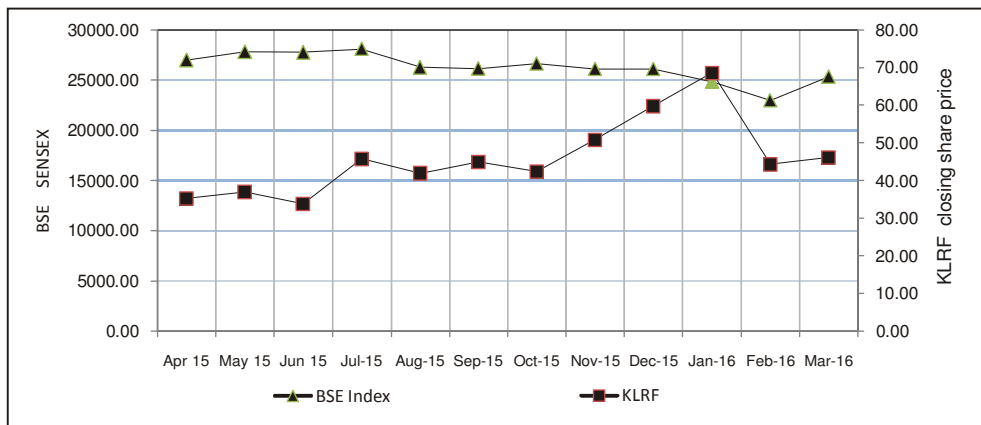
Annual listing fees for the year 2016-17 were paid to BSE Limited.

Type of security	: Equity
Trading group in stock exchange	: BSE Limited - B group
Stock Code	: Scrip ID : KLRF
Scrip Code	: 507598
ISIN number allotted for equity shares	: INE 014E01015

e. Market Price Data

Month	BSE Limited	
	High (₹)	Low (₹)
April - 2015	59.00	31.45
May	41.00	30.00
June	36.00	30.60
July	46.05	31.55
August	55.50	39.10
September	49.50	37.00
October	45.80	38.55
November	52.60	44.50
December	65.00	50.00
January - 2016	78.00	52.40
February	69.20	44.00
March	54.90	42.50

Performance comparison to BSE Sensex.



f. Registrar & Share Transfer Agent

Head Office

M/s Link Intime India Private Limited, C/13, Pannalal Silk Mills Compound, Bhandup (West) Mumbai-400078

Ph.: 022 - 25963838, E-mail : helpline@linkintime.co.in

Branch

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

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

g. Reconciliation of share capital audit

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

h. Share Transfer System

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

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

Shares under lock -in period : NIL

KLRF Limited**i. Shareholding Pattern as on 31st March, 2016**

Particulars	No. of shares held	Percentage of shareholding
Promoter's Holding	25,46,979	50.73
Directors and their Relatives	26,542	0.52
Banks/FIS/Mutual Funds	805	0.02
Insurance Companies	2,50,000	4.99
Private corporate Bodies	84,095	1.67
NRI / OCBs	15,338	0.30
Indian Public	20,96,885	41.77
Total	50,20,644	100.00

j. Distribution of Shareholding as on 31st March, 2016

Shareholding range	No of Holders	% of share holders	No of Shares	% of share holding
1 - 500	4,554	88.38	5,74,484	11.44
501 - 1,000	317	6.16	2,55,756	5.09
1,001 - 2,000	139	2.69	2,10,752	4.20
2,001 - 3,000	40	0.78	1,03,913	2.07
3,001 - 4,000	24	0.46	84,251	1.68
4,001 - 5,000	16	0.31	74,538	1.48
5,001 - 10,000	34	0.66	2,50,529	4.99
10,001 and above	29	0.56	34,66,421	69.05
Total	5,153	100.00	50,20,644	100.00

k. Dematerialisation of shares and liquidity as on 31st March, 2016

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

Extent of Dematerialisation

Name of the Depository	No. of shares	% to total paid-up capital
National Securities Depository Limited	40,48,274	80.63
Central Depository Services (India) Limited	6,38,980	12.73
Physical	3,33,390	6.64
Total	50,20,644	100.00

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

I. Plant location

Food Division : Gangaikondan, Tirunelveli District
Wind Farms : Aralvoimozhi Village, Kanyakumari District Pazhavor
Village, Radhapuram Taluk, Tirunelveli District
Dhanukkarkulam Village, Radhapuram Taluk,
Tirunelveli District, Parameshwarapuram Village,
Radhapuram Taluk, Tirunelveli District
Engineering Division: Periyanaickenpalayam, Coimbatore

m. Address for correspondence

For annual report, transfer of physical / demat shares, change of address & other query relating to shares of the company and investors correspondence may be addressed to
Link Intime India Private Limited
(Unit : KLRF Limited)
"Surya" 35, Mayflower Avenue
Behind Senthil Nagar,
Sowripalayam Road,
Coimbatore-641028
Phone : 91-0422-2314792 / 2316755
E-mail : coimbatore@linkintime.co.in
Contact Person Mrs.S.Dhanalakshmi

Contact address for Investors
Sri.S.Piramuthu
Company Secretary
Registered Office :
75/8, Benares Cape Road,
Gangaikondan - 627352, Tirunelveli Dt.
Phone : 91 - 0462 – 2486532
Fax : 91 – 0462 – 2486132
E-mail ; cosec@klrf.in

10. Other Disclosures

a. Disclosures on materially significant related party transactions

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

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

The Company has complied with all the requirements of the listing agreement of the Stock Exchange as well as regulations and guidelines of SEBI including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No penalties have been levied or strictures have been passed by SEBI, Stock Exchange or any

other statutory authority on matters relating to capital markets in the last three years.

c. Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee

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

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

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

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

e. Policy for determining material subsidiaries

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

f. Policy on dealing with related party transactions

Policy on dealing with Related Party Transactions has been disclosed on the website of the Company at www.klrf.in

g. Commodity price risk and commodity hedging activities

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

h. Disclosure of Accounting Treatment

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

i. Disclosure on risk management

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

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

Certificate from CEO and CFO

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors, at its meeting held on 30th May 2016 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

13. Code of conduct for prevention of insider trading

The Company has framed a code of conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all directors / officers / designated employees. The code ensures the prevention of dealing in shares by persons having accessed to unpublished price sensitive information.

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

14. Code of Conduct

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

By Order of the Board

Sudarsan Varadaraj

Director

DIN : 00133533

Suresh Jagannathan

Managing Director

DIN : 00011326

Place : Coimbatore

Date : 30.05.2016

CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

I hereby affirm and state that all the board members and senior management personnel of the Company have given a declaration in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/ Clause 49 (II) (E) of the Listing Agreement and I hereby affirm compliance with the said code of conduct for the financial year 2015 - 2016

By Order of the Board

Suresh Jagannathan

Managing Director

DIN : 00011326

Place : Coimbatore

Date : 30.05.2016

Auditors' Certificate on Corporate Governance

To

The Members of KLRF Limited

I have examined the compliance conditions of Corporate Governance by M/s. KLRF Limited (The Company) for the financial year ended March 31, 2016 as stipulated under Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of the procedures and implementation there of adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors and Management I Certify that the company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Place : Coimbatore

Date : 30.05.2016

P. Marimuthu

Chartered Accountant

Membership No.5770

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KLRF LIMITED.

Report on the Financial Statements

I have audited the accompanying financial statements of KLRF LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances,

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, I give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, I report that:
 - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
 - b) In my opinion proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books;
 - c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to me and have been properly dealt by me in preparing this report.
 - d) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account
 - e) In my opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - f) On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate report in "Annexure B".
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
 - I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer notes on accounts 22 (4) to the financial statements;
 - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Coimbatore

Date : 30.05.2016

P. Marimuthu

Chartered Accountant

Membership No.5770

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

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of my report of even date to the financial statements of the Company for the year ended March 31, 2016:

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

- (b) The discrepancies noticed on physical verification of the inventory as compared to books / records which has been properly dealt with in the books of account were not material.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
 4. In my opinion and according to the information and explanations given to me, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The company has complied with the provisions of section 186 of the Act in respect of the investments made.
 5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
 6. As informed to me, the Cost Records specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the engineering division has been made and maintained by the company.
 7. (a) According to information and explanations given to me and on the basis of my examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to me, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.

- (b) According to the information and explanation given to me, for dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, refer notes on accounts 22 (3) of the financial statements.
8. In my opinion and according to the information and explanations given to me, the Company has not defaulted in the repayment of dues to banks, financial institutions or to the government and has not issued any debentures.
 9. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans.

KLRF Limited

Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

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

Place : Coimbatore

Date : 30.05.2016

P. Marimuthu

Chartered Accountant

Membership No.5770

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

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

I have audited the internal financial controls over financial reporting of KLRF Limited ("the Company") as of March 31, 2016 in conjunction with my audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting was operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Coimbatore
Date : 30.05.2016

P. Marimuthu
Chartered Accountant
Membership No.5770

Balance Sheet as at 31st March, 2016

(in ₹)

Particulars	Note No.	31.3.2016	31.3.2015
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	1	5,02,06,440	5,02,06,440
(b) Reserves and Surplus	2	24,76,81,414	18,92,68,265
Non-current liabilities			
(a) Long - term borrowings	3	8,69,61,895	11,30,26,764
(b) Deferred tax liabilities (Net)		1,65,56,764	-
(c) Other Long - term liabilities	4	-	1,62,500
Current liabilities			
(a) Short – term borrowings	5	34,15,10,472	33,38,47,437
(b) Trade payables		7,34,90,752	6,51,70,289
(c) Other current liabilities	6	2,59,98,020	3,32,29,689
(d) Short – term liabilities	7	3,57,24,436	8,49,45,430
TOTAL		<u>87,81,30,193</u>	<u>86,98,56,814</u>
II. ASSETS			
Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	8	26,94,93,062	24,45,08,559
(ii) Intangible assets		67,27,573	77,87,404
(iii) Capital work-in-progress		-	4,30,36,173
(b) Non Current Investments	9	2,41,040	2,41,040
(c) Deferred tax assets (net)		-	25,30,931
(d) Long - term loans and advances	10	1,85,95,071	2,65,47,540
Current assets			
(a) Inventories	11	38,75,97,627	37,93,87,681
(b) Trade receivables	12	14,87,06,074	12,40,64,312
(c) Cash and cash equivalents	13	16,83,624	31,66,368
(d) Short - term loans and advances	14	4,50,86,122	3,85,86,806
TOTAL		<u>87,81,30,193</u>	<u>86,98,56,814</u>

Other notes on accounts

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

In accordance with my
report of date attached

Sudarsan Varadaraj
Director
DIN : 00133533

For and on behalf of the Board
Suresh Jagannathan
Managing Director
DIN : 00011326

P.Marimuthu
Chartered Accountant
Membership No.5770

R. Kannan
Executive Director and
Chief Financial Officer
DIN : 00951451

S. Piramuthu
Company Secretary

Place : Coimbatore
Date : 30th May, 2016

Statement of Profit and Loss for the year ended 31st March, 2016

(in ₹)

Particulars	Note No.	31.3.2016	31.3.2015
I. Revenue from Operations (gross)	15	213,24,48,338	204,43,71,732
Less : Excise duty		8,47,33,926	8,07,98,335
Revenue from Operations (Net)		204,77,14,412	196,35,73,397
II. Other Income	16	26,69,796	36,46,608
III. Total Revenue (I + II)		205,03,84,208	196,72,20,005
IV. Expenses:			
Cost of material consumed	17	141,15,25,279	138,71,18,464
Changes in inventories of finished goods			
Work-in-progress and stock-in-trade	18	(19,31,049)	(56,44,641)
Employee benefits expense	19	8,72,03,596	8,45,49,468
Finance cost	20	6,37,02,293	5,89,76,861
Depreciation and amortization expense		2,51,56,816	2,34,89,511
Other expenses	21	41,99,90,748	35,13,62,489
Total expenses		200,56,47,683	189,98,52,152
V. Profit before exceptional and extraordinary items and tax (III-IV)		4,47,36,525	6,73,67,853
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		4,47,36,525	6,73,67,853
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before tax (VII- VIII)		4,47,36,525	6,73,67,853
X Tax expense:			
(1) Current tax		91,21,263	1,94,64,233
MAT adjustment		(44,56,555)	-
(2) Deferred tax – Asset (-) / Liabilities		1,90,87,695	(44,59,493)
XI Profit (Loss) for the period from continuing operations (VII-VIII)		2,09,84,122	5,23,63,113
XII Profit/(loss) from discontinuing operations		4,74,65,732	(5,12,75,592)
XIII Tax expense of discontinuing operations		96,77,716	1,62,44,534
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII) (Refer Note No. 22 (19))		3,77,88,016	(3,50,31,058)
XV Profit (Loss) for the period (XI + XIV)		5,87,72,138	1,73,32,055
XVI Earnings per equity share:			
(1) Basic		11.71	3.45
(2) Diluted		11.71	3.45

Other notes on accounts

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

In accordance with my report of date attached

Sudarsan Varadaraj
Director
DIN : 00133533

For and on behalf of the Board
Suresh Jagannathan
Managing Director
DIN : 00011326

P.Marimuthu
Chartered Accountant
Membership No.5770

R. Kannan
Executive Director and
Chief Financial Officer
DIN : 00951451

S. Piramuthu
Company Secretary

Place : Coimbatore
Date : 30th May, 2016

Notes to Financial Statements for the year ended 31st March, 2016

1. Share Capital	31.3.2016		31.3.2015	
	Number	₹	Number	₹
Authorised				
Equity Shares of ₹10/- each	1,20,00,000	12,00,00,000	1,20,00,000	12,00,00,000
10% Cumulative Redeemable Preference shares of ₹10/- each	30,00,000	3,00,00,000	30,00,000	3,00,00,000
	<u>1,50,00,000</u>	<u>15,00,00,000</u>	<u>1,50,00,000</u>	<u>15,00,00,000</u>
Issued				
Equity Shares of ₹10/- each	<u>51,19,598</u>	<u>5,11,95,980</u>	<u>51,19,598</u>	<u>5,11,95,980</u>
Subscribed & fully Paid up				
Equity Shares of ₹10/- each	<u>50,20,644</u>	<u>5,02,06,440</u>	<u>50,20,644</u>	<u>5,02,06,440</u>
Total	<u>50,20,644</u>	<u>5,02,06,440</u>	<u>50,20,644</u>	<u>5,02,06,440</u>

98,954 partly paid equity shares were forfeited on 25.3.1998 vide board resolution dated 25.3.1998

a. Terms/Rights attached to equity shares

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

b. Reconciliation of number of shares

Shares outstanding at the beginning / closing of the year

Equity shares	<u>50,20,644</u>	<u>5,02,06,440</u>	<u>50,20,644</u>	<u>5,02,06,440</u>
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c. No shares have been allotted as fully paid up, by way of bonus shares during 5 years immediately preceding 31.3.2016

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

Name of Shareholder	31.3.2016		31.3.2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sri.Suresh Jagannathan	10,96,211	21.83	10,96,211	21.83
M/s Cape Flour Mills Private Limited	9,97,935	19.88	9,97,935	19.88

Notes to Financial Statements (Contd.,)

(in ₹)

2. Reserves & Surplus	31.3.2016	31.3.2015
a. Capital Reserves		
Opening / closing balance	20,71,233	20,71,233
b. Securities Premium Account		
Opening/closing balance	16,42,15,420	16,42,15,420
c. Revaluation Reserve		
Opening balance	1,08,74,031	1,12,33,020
Less : Written back in current year	3,58,989	3,58,989
Closing balance	1,05,15,042	1,08,74,031
d. General Reserve		
Opening/closing balance	9,94,97,443	9,94,97,443
e. Surplus		
Opening balance	(8,73,89,862)	(10,21,84,967)
(+) Net profit/(Net loss) for the current year	5,87,72,138	1,73,32,055
(-) Transfer from Reserves/ Depreciation as per new policy	-	(25,36,950)
Closing balance	(2,86,17,724)	(8,73,89,862)
Total	24,76,81,414	18,92,68,265

3. Long - term borrowings

(a) Secured

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

	Non Current portion		Current maturities	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
(i) Canara Bank	24,28,600	72,85,784	48,57,184	48,57,184
(ii) IDBI Bank Ltd.,	3,90,00,000	5,52,50,000	1,30,00,000	2,30,83,333
(v) ICICI Home Finance Company Ltd.,	3,02,01,030	3,27,55,888	24,28,061	19,42,726
(vi) TATA Capital Financial Services Ltd.,	56,38,054	76,88,854	20,50,800	15,38,100
(vii) Vehicle Loan from Canara Bank, HDFC Bank Ltd., Kotak Mahindra Prime Ltd., and ICICI Bank Ltd.,	96,94,211	1,00,46,238	36,61,975	16,09,054
Total	8,69,61,895	11,30,26,764	2,59,98,020	3,30,30,397

KLRF Limited

- (i) Rupee term loan availed from Canara Bank carries interest @ 12.15 % p.a., (base rate+2.50 p.a.). The loan is repayable quarterly instalment of ₹ 12.14 lakhs each. The interest is payable on quarterly basis. The loan matures in August, 2017. The loan is secured by way of exclusive charge on Land, Buildings and Machineries pertaining to 1 No 1250 KW Wind Mill situated at Parameshwarapuram Village, Tirunelveli District.
- (ii) Rupee term loan availed from IDBI Bank Ltd., carries interest @ 12.75% p.a., (base rate + 3% p.a.). The loan is repayable on quarterly basis. The interest is payable on monthly basis. The loan matures in April, 2020. The loan is secured by exclusive charge on the Land and Buildings of the foundry division.
- (iii) Rupee term loan availed from ICICI Home Finance Limited carries interest @ 11.60 %,pa.,(HFLR - 5.50%). The loan is repayable on 120 monthly installments of ₹ 5.07 lakhs. The loan matures in January, 2025. The loan is secured by exclusive charge on the land and buildings of the Company's properties situated at Chamiers Road, Chennai.
- (iv) Rupee term loan availed from TATA Capital Financial Services Ltd., carries interest @ 13 % pa., (LTLR - 5.25%). The loan is repayable on 60 monthly installments. The loan matures in November, 2019. The loan is secured by exclusive charge on specified foundry equipment.
- (v) Vehicle loan availed from Canara Bank, HDFC Bank Ltd. Kotak Mahindra Prime Ltd., and ICICI Bank. The loan is repayable on monthly basis and are secured by the respective vehicles.

(in ₹)

4. Other Long - term liabilities	31.3.2016	31.3.2015
Security deposits from dealers	-	1,62,500
Total	<u>-</u>	<u>1,62,500</u>

Notes to Financial Statements (Contd.,)

(in ₹)

	31.3.2016	31.3.2015
5. Short - term borrowings		
a) Secured		
Loans repayable on demand (Guaranteed by Managing Director for working capital loan)		
Open loan and packing credit loan from Canara Bank	17,11,65,182	17,01,19,128
Open loan and packing credit loan from HDFC Bank Ltd.	11,55,55,290	10,82,63,309
Total	28,67,20,472	27,83,82,437
b) Unsecured		
Loans from Directors	1,17,40,000	1,19,15,000
Inter Corporate Loans	4,30,50,000	4,35,50,000
Total	5,47,90,000	5,54,65,000
Total (a) + (b)	34,15,10,472	33,38,47,437
<p>1. Working capital loans from Canara Bank carries an interest rate @ 11.40% (base rate+1.75%) and is secured by pari-passu first charge on all the current assets and pari-passu second charge on flour mill and sheet metal immovable assets except those under exclusive charge.</p> <p>2. Working capital loans from HDFC Bank Ltd. carries an interest rate @ 11.30 % (base rate+2 %) and is secured by pari-passu first charge on all the current assets and pari-passu second charge on flour mill and sheet metal immovable assets except those under exclusive charge.</p>		
6. Other current liabilities		
a) Current maturities of long-term debt	2,59,98,020	3,30,30,397
b) Unclaimed dividends	-	1,99,292
Total	2,59,98,020	3,32,29,689
7. Short - term liabilities		
Provision for Bonus	19,85,593	18,75,245
Outstanding expenses	1,92,67,101	3,18,81,452
Statutory dues payable	94,02,726	70,19,677
Advance from customers	31,31,200	4,09,49,357
Income tax provision	19,37,816	32,19,699
Total	3,57,24,436	8,49,45,430

Notes to Financial Statements (contd.,)

(in ₹)

Particulars	Gross Block		Accumulated Depreciation			Net Block		
	Balance as at 1.4.2015	Additions/Transfer	Disposals/Transfer	Balance as at 1.4.2015	Depreciation charge for the year	On disposals	Balance as at 31.3.2016	Balance as at 31.3.2015
a. Tangible Assets (Not Under Lease).								
Land	1,55,58,579	-	-	-	-	-	1,55,58,579	1,55,58,579
Buildings	11,17,85,522	5,05,44,461	9,31,970	4,97,74,172	25,13,773	620,676	10,97,30,744	6,20,11,349
Plant and Equipment	64,31,52,085	1,17,43,876	17,36,45,341	50,65,24,295	1,55,04,482	15,36,85,777	11,29,07,620	13,66,27,786
Furniture and Fixtures	33,00,492	-	7,65,954	21,61,942	1,59,307	7,24,226	9,37,515	11,38,550
Vehicles	2,61,84,986	62,88,250	6,29,730	72,60,323	32,38,165	2,32,167	2,15,77,185	1,89,24,662
Office equipment	1,89,80,555	4,31,118	20,57,875	1,41,08,506	11,24,964	13,81,768	35,02,096	48,72,049
Electrical Equipment	1,31,79,295	4,88,896	-	1,13,56,044	13,47,493	11,34,860	20,99,514	18,23,251
Mould & Pattern	86,26,716	-	-	50,74,383	3,72,524	-	31,79,809	35,52,333
Total (a)	84,07,88,230	6,94,96,601	17,80,30,870	59,62,59,665	2,42,60,708	15,77,79,474	26,94,93,062	24,45,08,559
b. Intangible Assets								
Computer software & dedicated feeder line	1,76,63,469	1,95,268	63,59,875	98,76,067	12,55,097	63,59,875	67,27,573	77,87,404
Total (b)	1,76,63,469	1,95,268	63,59,875	98,76,067	12,55,097	63,59,875	67,27,573	77,87,404
c. Capital Work In Progress								
	4,30,36,173	-	4,30,36,173	-	-	-	-	4,30,36,173
Total (c)	4,30,36,173	-	4,30,36,173	-	-	-	-	4,30,36,173
Total (a+b+c)	90,14,67,872	6,96,91,869	22,74,26,918	60,61,35,732	2,55,15,805	16,41,39,349	27,62,20,635	29,53,32,136
Total fixed assets addition as per schedule		6,96,91,869		Total depreciation as per schedule			2,55,15,805	
Less : WIP capitalised during the year		4,30,36,173		Less : Transferred to revaluation reserve			3,58,989	
Net fixed assets addition during the year		2,66,55,696		Depreciation charged in statement of profit and loss			2,51,56,816	

Notes to Financial Statements (contd.,)

(in ₹)

	31.3.2016	31.3.2015
9. Non Current Investments		
Trade Investments		
Investment in equity instruments	2,41,040	2,41,040
Total	2,41,040	2,41,040

Particulars	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. of Shares/ Unit		Quoted/ unquoted	Partly Paid/ Fully Paid	Extent of Holding (%)		(in ₹)		Basis of Valuation
		2016	2015			2016	2015	2016	2015	
1	2	3	4	5	6	7	8	9	10	11
Investment in equity instruments										
M/s Cape Power Private Limited	—	1,800	1,800	Unquoted	Fully paid	18%	18%	18,000	18,000	Cost
M/s Suryadev Alloys and Power Private Limited	—	1,640	1,640	Unquoted	Fully paid	—	—	2,23,040	2,23,040	Cost
Total								2,41,040	2,41,040	

Notes to Financial Statements (Contd.,)

(in ₹)

	31.3.2016	31.3.2015
10. Long - term loans and advances		
Security deposits		
Unsecured, considered good	1,85,95,071	2,65,47,540
Total	1,85,95,071	2,65,47,540
11. Inventories (valued at lower of cost and net realizable value)		
Raw Materials and components	31,01,58,641	28,30,22,103
Work-in-progress	46,37,862	29,41,741
Finished goods	5,53,76,950	7,61,12,889
Stores and spares	1,09,12,853	1,00,85,431
Impurities, Runner and Riser	19,40,396	22,14,557
Gunnies	45,70,925	50,10,960
Total	38,75,97,627	37,93,87,681
12. Trade receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	14,85,40,418	12,38,98,656
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,65,656	1,65,656
Total	14,87,06,074	12,40,64,312
13. Cash and cash equivalents		
a. Balances with bank – current account	8,58,633	23,94,780
b. Cash on hand	8,24,991	5,72,296
c. Earmarked balances		
Unpaid dividend deposit account	-	1,99,292
Total	16,83,624	31,66,368
14. Short-term loans and advances		
Unsecured, considered good		
Interest Receivables	-	12,020
Advance for purchases	86,72,560	31,59,623
Prepaid expenses	54,04,179	69,11,622
Receivables	44,48,629	37,41,649
Other advances	26,93,357	32,58,878
Taxes paid	1,94,10,842	2,15,03,014
MAT credit entitlement	44,56,555	-
Total	4,50,86,122	3,85,86,806

Notes to Financial Statements (Contd..)

(in ₹)

15. Revenue from operations	31.3.2016	31.3.2015	
(a) Sale of products			
Wheat, wheat products and impurities	137,09,40,328	129,82,34,717	
Sheet metal components	8,10,37,506	5,97,18,188	
Castings	66,98,49,173	67,45,08,557	
(b) Sale of services – fabrication charges	9,64,619	24,79,144	
(c) Other operating revenues – sale of scrap and gunnies	96,56,712	94,31,126	
Sale of products and services (Gross) – Total	213,24,48,338	204,43,71,732	
Less : Excise duty	8,47,33,926	8,07,98,335	
Total	204,77,14,412	196,35,73,397	
16. Other Income			
Dividend Income	4,500	4,500	
Interest Income	13,61,751	15,64,614	
Net gain / (Loss) on sale of fixed assets	4,64,123	14,58,579	
Provision for bad debts written back	5,03,662	–	
Other non-operating income – Miscellaneous Income	3,35,760	6,18,915	
Total	26,69,796	36,46,608	
17. Cost of material consumed			
Wheat	116,30,01,241	108,87,95,101	
Iron materials	24,85,24,038	29,83,23,363	
Total	141,15,25,279	138,71,18,464	
18. Changes in Inventories of finished goods and work in progress	31.3.2016	31.3.2015	(Increase)/ Decrease
Inventory at the end of the year			
Work in progress			
Iron materials and sheet metal components	46,37,862	29,41,741	(16,96,121)
Finished goods			
Wheat products	2,50,25,349	3,10,67,400	60,42,051
Castings & sheet metal components	3,68,62,922	3,05,85,943	(62,76,979)
Total	6,65,26,133	6,45,95,084	(19,31,049)
Inventory at the beginning of the year			
Work in progress			
Iron materials and sheet metal components	29,41,741	25,11,307	(4,30,434)
Finished goods			
Wheat products	3,10,67,400	2,99,58,210	(11,09,190)
Castings & sheet metal components	3,05,85,943	2,64,80,926	(41,05,017)
Total	6,45,95,084	5,89,50,443	(56,44,641)

Notes to Financial Statements (Contd.,)

(in ₹)

	31.3.2016	31.3.2015
19. Employees benefit expenses		
Directors' remuneration and fees	59,53,583	43,46,877
Salaries, Wages and Bonus	6,92,87,199	6,45,17,123
Contribution to PF and other funds	58,44,129	59,72,919
Employees' welfare	43,22,151	49,42,926
Gratuity	17,96,534	47,69,623
Total	<u>8,72,03,596</u>	<u>8,45,49,468</u>
20. Finance cost		
Interest expense - Banks and Institutions	4,13,17,345	4,01,78,754
Interest expense - others	2,08,08,836	1,59,79,911
Other borrowing costs	15,76,112	28,18,196
Total	<u>6,37,02,293</u>	<u>5,89,76,861</u>
21. Other expenses		
Fabrication charges	10,86,92,293	9,00,96,118
Power and fuel	10,40,96,260	7,97,53,080
Stores, spares and packing materials	11,07,63,891	9,84,06,218
Repairs to machineries	2,32,64,292	2,21,70,780
Factory maintenance and buildings repairs	1,27,07,814	79,33,127
Commission and discount	30,24,782	27,52,379
Freight	1,77,60,782	1,64,15,490
Insurance	16,24,492	14,54,965
Auditor's fees and expenses	16,11,135	12,35,656
Rent and office maintenance	50,12,408	44,84,147
Rates and taxes	39,48,494	26,96,910
Advertisement and sales promotion expenses	16,58,052	16,22,868
Donation	4,30,000	5,200
Miscellaneous expenses	12,497	4,91,311
Water charges and maintenance	36,906	77,489
Printing and Stationery	12,96,142	10,65,841
Postage, Telegram and Telephones	15,07,539	14,28,755
Subscription and periodicals	4,05,212	3,03,281
Vehicle maintenance	29,93,567	21,68,570
Travelling	86,27,533	73,41,244
Filing fees	31,800	18,191
Legal expenses and Professional charges	71,11,950	67,58,633
Enlisting fees	2,24,720	97,349
Furniture and other repairs	48,203	92,842
Lighting	1,92,386	65,507
Data processing	20,11,510	11,11,832
Bank commission	1,35,205	3,35,486
Bad debts written off	7,60,883	9,79,220
Total	<u>41,99,90,748</u>	<u>35,13,62,489</u>

Notes to Financial Statements (Contd.,)

22. NOTES ON ACCOUNTS

1 Summary of significant accounting policies and other explanatory informations

a METHOD OF ACCOUNTING

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

b FIXED ASSETS

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

Depreciation on assets has been provided based on the useful life as specified in Schedule II of the Companies Act, 2013 under straight line method.

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

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

c INVENTORIES

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

d INVESTMENTS

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

e FOREIGN CURRENCY TRANSACTION

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

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

Notes on Accounts (Contd.,)

f EMPLOYEES BENEFITS

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

g INCOME TAX

i) Current Tax

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

ii) Deferred Tax

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

	31.3.2016	31.3.2015
2 Number of employees who are in receipt or entitled to receive emoluments amounting in aggregate ₹ 5,00,000/- or more per month	Nil	Nil
3 Contingent Liabilities Claims, Excise and Customs Duty, Taxes and other matter-not acknowledged by the Company		
a) Guarantees by Banks	Nil	Nil
b) Claims against the company not acknowledged as debts	8,52,269	2,23,000
4 Income tax appeals are pending before the Supreme Court for the assessment years 1991-92 to 1993-94, 1995-96 and 1996-97 Appeals for the Assessment years 2007 - 2008 and 2011-2012 are pending with Commissioner of income tax Appeals Commercial tax and levy of PF damages are pending in appeal. Service tax appeal with CESTAT is pending.		(in ₹)

Sl.No.	Particulars	31.3.2016	31.3.2015
5	Expenditure in foreign currency :		
	a) Travel	25,36,963	31,05,195
	b) Others	-	-

Notes on Accounts (Contd.,)

(in ₹)

Sl.No.	Particulars	31.3.2016	31.3.2015		
6	Value of imports on c.i.f. basis				
	a) Raw material	3,26,32,308	97,88,578		
	b) Spares	-	-		
	c) Machinery	-	-		
7	Earnings in foreign exchange :				
	a) Export of goods on f.o.b. basis	12,62,708	11,63,307		
	b) Commission received	Nil	Nil		
		31.3.2016	31.3.2015		
8	Raw material consumed	Value	%	Value	%
	Wheat				
	Indigenous	113,03,68,933	80.08	107,90,06,523	77.79
	Imported	3,26,32,308	2.30	97,88,578	0.70
	Iron materials	-	-	-	-
	Indigenous	24,85,24,038	17.62	29,83,23,363	21.51
	Imported	-	-	-	-
	Total	141,15,25,279	100.00	138,71,18,464	100.00
9	Audit fees and expenses :	31.3.2016	31.3.2015		
	Statutory audit fees	5,00,000	4,65,000		
	Statutory cost audit fees	50,000	40,000		
	Fees for other services and expenses	2,89,315	2,80,317		
	Internal audit fees	5,94,600	4,98,000		
	Branch audit fee	5,16,000	4,63,000		
	Total	19,49,915	17,46,317		
10	Licensed and installed capacity :				
	Flour Mill Division Installed M.T	74,000	74,000		
	Foundry Installed M.T	10,800	10,800		
11	Actual production meant for sale :				
	a) Wheat Milled M.T	59,087	56,292		
	Products obtained M.T	57,872	55,638		
	b) Cotton				
	Consumed Kgs.	-	10,94,714		
	Products obtained Kgs.	-	8,15,800		
	c) Iron material				
	Consumed M.T	9,097	9,064		
	Products obtained M.T	8,416	8,614		

Notes on Accounts (Contd.,)

(in ₹)

Sl.No.	Particulars	31.3.2016	31.3.2015
12	Opening and closing stock of finished goods :		
	a) Wheat products		
	Opening stock M.T	991	992
	Closing stock M.T	872	991
	b) Cotton yarn		
	Opening stock Kgs.	1,15,037	2,03,939
	Closing stock Kgs.	-	1,15,037
	c) Iron materials		
	Foundry returns		
	Opening stock M.T	81	73
	Closing stock M.T	81	81
	Finished goods		
	Opening stock M.T	370	331
	Closing stock M.T	428	370
13	Earning per share		
	Profit after taxes	5,87,72,138	1,73,32,055
	Fully paid shares of ₹ 10/- each	50,20,644	50,20,644
	Earning per share	11.71	3.45

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

15 Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information and evidence available with the company, there are no dues to micro and small enterprises, outstanding as on 31.03.2016.

Notes on Accounts (Contd.,)

16 Related party disclosure

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

Sl. No	Name of the party	Relationship	Nature of Transaction	31-3-2016 (in ₹)	31-3-2015 (in ₹)
1	The Lakshmi Textile Suppliers	Director interested concern	Purchase	8,90,158	15,07,541
2	Ellargi & Co.,	Director interested concern	Purchase	NIL	NIL
3	Cape Flour Mills Pvt Ltd	Director interested concern	Purchase Service	NIL 1,80,000	NIL 1,80,000
4	Cape Power Pvt Ltd	Director interested concern	Purchase	32,36,674	36,29,365
5	Mckinnon India Pvt Ltd	Director interested concern	Purchase Sale	2,94,767 95,63,320	2,92,447 81,92,546
6	Super Springs Pvt Ltd	Director interested concern	Purchase Sale	94,241 23,77,331	15,589 18,03,945
7	Prokop Eltex India Pvt Ltd	Director interested concern	Purchase Sale	50,159 3,38,881	1,28,930 5,35,230

17 Segment Reporting

(₹ in lakhs)

Sl. No.	Information about primary, Segments - Business segments	Food Division	Textile Division	Engineering Division	Total
1	Revenue from operations (net)	13770.95	213.03	6706.19	20690.17
2	Segment results - Operating profit	629.52	474.84	454.86	1559.22
	Less : Finance cost	343.87	0.18	293.15	637.20
	Add : Other unallocable income net of unallocable expenditure	-	-	-	-
	Net Profit before tax	285.65	474.66	161.71	922.02
3	Capital employed (segment assets - segment liabilities)	4282.22	-	3263.83	7546.05
	Unallocable corporate assets less corporate liabilities	-	-	-	1235.25
	Total capital employed	-	-	-	8781.30

Notes on Accounts (Contd.,)

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

₹ in lakhs

Particulars	As at 31.3.2016	As at 31.3.2015
Defined Benefit Plans : Gratuity		
A) Changes in present value of obligations		
Present value of benefit obligations at the beginning of the year	130.20	100.05
Interest cost	10.42	8.00
Current service cost	10.64	3.36
Benefits paid	(12.88)	(83.87)
Actuarial (gain) / loss on benefit obligation	5.06	102.66
Present value of benefit obligations at the end of the year	143.44	130.20
B) Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	63.05	129.14
Expected return on plan assets	9.86	8.63
Contributions	68.13	9.15
Actuarial gain / loss on plan assets	-	-
Benefits paid	(12.88)	(83.87)
Fair value of plan assets at the end of the year	128.16	63.05
C) Actuarial gain / loss recognised		
Actuarial gain / loss for the year - obligation	(5.06)	(102.66)
Actuarial gain / loss for the year - plan assets	-	-
Total gain / loss recognised in the financial Year	(5.06)	(102.66)
D) Expenses recognised in statement of profit and loss		
Interest cost on benefit obligations	10.42	8.00
Service cost on benefit obligations	10.64	3.36
Expected return on plan assets	(9.86)	(8.63)
Net gain / loss recognised in the statement of profit and loss	5.06	102.66
Expenses recognised in statement of profit and loss	16.26	105.39
E) Liabilities recognised in the balance sheet		
Present value of benefit obligations at the end of the financial year	143.44	130.20
Fair value of plan assets	128.16	63.05
Funded status	(15.28)	(67.15)
Net assets/ liabilities recognised in balance sheet	(15.28)	(67.15)
F) Actuarial Assumptions		
Discount rate	8.00%	8.00%
Expected return on plan assets	8.51%	9.15%
Salary increase	6.00%	6.00%

Notes on Accounts (Contd.,)

19 Discontinuing operation

AS 24 20 (a to d)

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

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

Particulars	₹ in lakhs	
	31.3.2016	31.3.2015
Total Assets	-	956.90
Total Liabilities	-	667.17
Net Assets	-	289.73

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

Particulars	₹ in lakhs					
	Discontinuing operations		Continuing operations		Total	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015
Total Revenue	775.52	2231.49	20503.84	19672.20	21279.36	21903.69
Expenses other than impairment loss employee termination benefits and finance costs	300.68	2358.13	18547.42	17563.26	18848.10	19921.35
Impairment loss	-	-	-	-	-	-
Employee cost including termination benefits	-	176.65	872.04	845.49	872.04	1022.15
Finance Cost	0.18	209.46	637.02	589.77	637.20	799.23
Profit (loss) before exceptional item and tax	474.66	(512.76)	447.36	673.68	922.02	160.92
Exceptional Item	-	-	-	-	-	-
Profit (loss) before tax	474.66	(512.76)	447.36	673.68	922.02	160.92
Income tax expense	96.78	162.45	237.52	150.05	334.30	12.40
Profit (loss) after tax	377.88	(350.31)	209.84	523.63	587.72	173.32

KLRF Limited

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

Particulars	₹ in lakhs	
	31.3.2016	31.3.2015
Net cash inflow/(out flow) from operating activities	80.94	(4.71)
Net cash inflow / (out flow) from investing activities	613.00	566.24
Net cash inflow/ (outflow) from financing activities	70.46	(1523.46)
Net cash inflows/(outflows) for the year attributable to the textile division	764.40	(961.93)

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

The accompanying notes are an integral part of financial statements.

P.Marimuthu

Chartered Accountant
Membership No.5770

Place : Coimbatore
Date : 30th May, 2016

Sudarsan Varadaraj

Director
DIN : 00133533

R. Kannan
Executive Director and
Chief Financial Officer
DIN : 00951451

For and on behalf of the Board

Suresh Jagannathan

Managing Director
DIN : 00011326

S. Piramuthu
Company Secretary

KLRF Limited

Cash Flow Statement for the year ended 31st March, 2016

₹ in lakhs

	31.3.2016		31.3.2015
a. CASH FLOW FROM OPERATING ACTIVITIES			
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	922.02		160.92
Adjustments for			
Depreciation	251.57	307.06	
Investments	(562.63)	(156.76)	
Dividend	(0.05)	(0.05)	
Finance Cost (net)	637.20	799.23	
	326.09		949.48
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1248.11		1110.40
Adjustments for			
Trade and other receivables	(311.41)	873.24	
Inventories	(82.10)	270.98	
Trade Payables and other liabilities	(481.31)	(653.00)	491.22
Cash generated from operations	373.29		1601.62
Less : Finance cost	637.20	799.23	
Less : Direct taxes	143.42	(780.62)	786.83
Cash flow before extraordinary items	(407.33)	(12.40)	814.79
Extraordinary Items	-		-
Net cash from operating activities	(407.33)		814.79
b. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(266.57)	(428.59)	
Sale of fixed assets	765.15	561.70	
Dividend received	0.05	0.05	133.16
Net cash used in investing activities	498.63		133.16
c. CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings	76.63	(984.05)	
Long term borrowings	(262.27)	63.23	
Long term loans and advances	79.52	(65.31)	
	(106.12)		(986.13)
Net increase in cash and cash equivalents (a+b+c)	(14.82)		(38.18)
Cash and cash equivalents at the beginning of the year	31.66		69.84
Cash and cash equivalents at the close of the year	16.84		31.66

In accordance with my report of date attached

P.Marimuthu
Chartered Accountant
Membership No.5770

Place : Coimbatore
Date : 30th May, 2016

Sudarsan Varadaraj
Director
DIN : 00133533

R. Kannan
Executive Director and
Chief Financial Officer
DIN : 00951451

For and on behalf of the Board
Suresh Jagannathan
Managing Director
DIN : 00011326

S. Piramuthu
Company Secretary

KLRF Limited

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

Telephone : 0462-2486532 Fax : 0462-2486132

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

CIN : L15314TN1961PLC004674

KLRF Limited

CIN : L15314TN1961PLC004674

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Telephone : 0462-2486532, Fax : 0462-2486132

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FORM NO. MGT - 11

PROXY FORM

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

Name & Address of
the member(s):

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 54th Annual General Meeting of the company, to be held on Wednesday, the 14th September, 2016 at 10.00 a.m. at the Registered Office of the Company, at 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli District and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

P.T.O.

✂ ~~Cut here~~

Electronic Voting Particulars

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

EVSN (Electronic Voting Sequence Number)	* Default PAN / Sequence No
160712001	

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

✂ ~~Cut here~~

KLRF Limited

CIN : L15314TN1961PLC004674

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

Telephone : 0462-2486532, Fax : 0462-2486132

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

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

No. of
shares held :

ATTENDANCE SLIP

Attendance by

- Member
 Proxy
 Authorised
 Representative

Please ✓ the
appropriate box

I hereby record my presence at 54th Annual General Meeting being held on Wednesday, 14th September, 2016 the Registered Office of the Company, at 75/8, Benares Cape Road, Gangaikondan-627352, Tirunelveli District

Signature of Member / Proxy*

* Strike out whichever is not applicable

Resolution Number	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
	Ordinary Business			
1	Approval of Financial Statements for the year ended 31 st March, 2016, the Report of the Board of Directors and the Report of the Auditors thereon.			
2	Appointment of Director in the place of Sri V.N. Jayaprakasam, (DIN 00003710) who retires by rotation and being eligible, offers himself for re-appointment			
3	Appointment of Auditor and to fix his remuneration			
	Special Business			
4	Appointment of M/s. Haribhakti & Co. Chartered Accountants (Registration No. 103523W) as Branch Auditors for Engineering Division of the Company.			
5	Ratification of remuneration to Mr. M. Kannan (Membership No. 9167) as Cost Auditors for Engineering Division of the Company.			

Signed this day of 2016

Signature of shareholder :

Signature of Proxy holder (s) :



Note :

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