



**2012**  
**Annual Report**

**KLRF Limited**

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## ***KLRF Limited***

Board of Directors

**Sudarsan Varadaraj**

**S.Govindan**

**K.Gnanasekaran**

**Suresh Jagannathan**

Managing Director

**V.N.Jayaprakasam**

Executive Director

Chief Finance Officer

**R.Kannan**

Company Secretary

**S.Piramuthu**

Auditor

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

Branch Auditors

M/s Haribhakti & Co.,  
Chartered Accountants, Coimbatore

Bankers

Canara Bank  
Indian Overseas Bank  
Punjab National Bank  
IDBI Bank Ltd

Registered Office

75/8, Benares Cape Road  
Gangaikondan – 627352

Administrative Office

1054/21, Avanashi Road  
Coimbatore-641018

Food Division

Gangaikondan – 627352

Textile Division

Gangaikondan – 627352  
N.Subbiahpuram – 626205

Engineering Division

Coimbatore – 641020

Registrar and Share Transfer Agent

Link Intime India Private Limited  
"Surya" 35, Mayflower Avenue  
Senthil Nagar, Sowripalayam Road  
Coimbatore – 641028, Tamilnadu  
Telephone : 0422 – 2315792  
Telefax : 0422 – 2314792  
E-mail : coimbatore@linkintime.co.in

## **NOTICE**

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

## **ORDINARY BUSINESS**

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

## **SPECIAL BUSINESS**

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

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

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

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

## **Remuneration**

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

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

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

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

Provision of telephone and car for official use.

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

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

### **Item No.5**

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

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

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

### **Item No.6**

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

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

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

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

**I. General Information**

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

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

5. Export performance and net foreign exchange collaborations. : Year ended **31.3.2012** 31.3.2011  
(Rs.in lakhs)

Foreign Exchange

Used **175.03** 98.80

Earned **696.31** 121.12

6. Foreign Investments or collaborators, if any. : NIL

## II. Information about the appointee

1. Background details : Mr. V.N.Jayaprakasam aged 74 years was appointed as Executive Director from 1.7.2012 for two years. He is a science graduate and has a diploma in flour mill technology. He has been on the Board of Directors since 1996.

2. Past remuneration : Salary : Rs.90,000/- with an annual increment of Rs.7500/-  
Commission : 0.50% of the net profit of the company subject to a maximum of Rs.5.00 lakhs

Perquisites : 30% of the salary

3. Recognition or awards : NIL

4. Job Profile and his suitability : Mr.V.N.Jayaprakasam is responsible for the administrative and technical operation of the Company and is best suited for the current scenario.

5. Remuneration proposed : As set out in the resolution

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would w.r.t. the country of origin) : Taking into consideration the size of the Company, profile of the Mr. V.N.Jayaprakasam, responsibility shouldered on him and the industry standard the remuneration proposed to be paid are commensurate with the remuneration packages paid to Managerial Personnel

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personal, if any. : Besides the remuneration proposed to be paid to the Executive Director, he does not have any other pecuniary relationship with the Company or relationship with the Managerial personnel.

### **III. Other Information**

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

### **IV. Disclosures**

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



**Notes :**

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

**11. Re-appointment of Directors**

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

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

Name of the company	Position held	Membership of the Committee
Magna Electro Castings Ltd.,	Director	Audit Committee - Member
Single Window Commodities Private Limited,	Director	Nil

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

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

Name of the company	Position held	Membership of the Committee
Eltex Precision Dies and Tools Private Limited	Director	Nil
Sri Vishnudurga Agro Estates Private Limited	Director	Nil
Prokop Eltex India Private Limited	Director	Nil

By Order of the Board  
 Suresh Jagannathan  
 Managing Director

Place : Coimbatore  
 Date : 25.05.2012