KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2018-2019

Enriching Lives

BRINK OF NEXT

KAIROS

(καιρός)
'Circumstances that open moments of opportunity'

Unlocking Value

In today's rapidly changing world, a whole new era of possibilities has emerged, and along with it a whole new set of challenges. Today, businesses have to be more agile, innovative and sustainable to transform themselves, and to find ways of reinventing themselves to keep up with a dynamic environment. They need to find their *Kairos* moment – where they are poised for transformation and where the mix of effort, investment, ambition and integrity becomes future-focused and customer-centric.

Protecting customer interest has always been the Kirloskar ethos. KIL is unlocking its asset base of land banks, exploring different models of real estate development and is now embarking on a journey to develop two of its own land parcels with user-centric and future forward principles. The first land parcel of approximately 12 acres at Kothrud, Pune is now proposed to be developed which will create approximately more than a million sq. ft. of commercial space, which can be developed over a period of 3-4 years. We are currently evaluating different real estate models, viz., self development of this land parcel, joint development or joint venture with other developers / partners. The spadework for creating a holistic development has already been done – this includes building a team of experts, hiring the best architects, working with the best consultants and getting requisite approvals and permissions. All systems, processes and controls have already been put in place. In FY 19 ₹ 4,091 lakhs were spent on real estate activities.

ANNUAL REPORT FOR THE YEAR ENDED ON 31 MARCH 2019

Board of Directors

Mr. Atul Kirloskar
(DIN 00007387)
Chairman

Mr. Mahesh Chhabria
(DIN 00166049)
Managing Director

Ms. Aditi Chirmule
(DIN 01138984)
Executive Director

Mr. Nihal Kulkarni
(DIN 01139147)
Director

Mr. Anil Alawani
(DIN 00036153)
Director

Mr. Vinesh Kumar Jairath
(DIN 00391684)
Director

Mr. Tejas Deshpande
(DIN 01942507)
Independent Director

Mr. Sunil Shah Singh
(DIN 00233918)
Independent Director

Mr. D. Sivanandhan
(DIN 03607203)
Independent Director

Mr. Ashit Parekh
(DIN 00821577)
Independent Director

Mr. Satish Jamdar
(DIN 00036653)
Independent Director

Ms. Mrunalini Deshmukh
(DIN 07092728)
Independent Director

CHIEF FINANCIAL OFFICER
Mr. Umesh Shastry, Chief Financial Officer (w.e.f 17 May 2019)
Mrs.Jasvandi Deosthale (up to 16 May 2019)

COMPANY SECRETARY
Mrs. Ashwini Mali

STATUTORY AUDITORS
G. D. Apte & Co., Chartered Accountants

SECRETARIAL AUDITORS
Mr. Mahesh J. Risbud, Practicing Company Secretary

BANKERS
HDFC Bank Limited,
Yes Bank Limited,
Kotak Mahindra Bank Limited,
DBS Bank

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
'Akshay' Complex, Block No. 202, 2nd Floor,
Near Ganesh Temple, Off Dhole Patil Road,
Pune 411 001
Tel.: +91 (20) 2616 1629 / 2616 0084
Fax: +91 (20) 2616 3503
Email: pune@linkintime.co.in

REGISTERED OFFICE

Office No. 801, 8th Floor, Cello Platina,
Fergusson College Road, Shivajinagar,
Pune - 411 005
Tel.: +91 (20) 2970 4374
Fax: +91 (20) 2970 4374
E mail: investorrelations@kirloskar.com
Website: www.kil.net.in
CIN: L70100PN1978PLC088972

LOCATION OF WINDMILLS

Tirade Village, Tal. Akole, Dist. Ahmednagar

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

Day & Date	: Thursday, 8 August 2019
Time	: 2.00 P.M.
Venue	: S.M. Joshi Socialist Foundation (S.M. Joshi Hall) S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030
Proposed Dividend	: 210% (₹ 21 per share of ₹ 10 each)
Date of Book Closure	: 2 August 2019 to 8 August 2019, (both days inclusive)

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DECADE AT A GLANCE

(₹ in Millions)

Sr. No	Particulars	2018-19 *****	2017-18 *****	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10 *
1	Net Sales-Windmill	30	25	35	48	34	134	131	138	41	47
2	Other Income	779	721	444	719	591	504	387	648	647	461
3	Profit Before Tax	568	492	375	684	543	541	430	692	602	422
4	Profit After Tax	495	424	288	603	451	467	361	675	553	387
5	Dividend Amount	204	204	****194	194	194	39	39	39	24	***291
6	Dividend (%)	210	210	****200	200	200	40	40	40	25	***75
7	Earning Per Share (₹)**	51	44	30	62	46	48	37	69	57	40
8	Book Value Per Share (₹)**	1,264	1,732	783	753	713	689	645	612	548	493
9	Share Capital	97	97	97	97	97	97	97	97	97	97
10	Reserves and Surplus	11,935	16,498	7,501	7,213	6,826	6,594	6,160	5,844	5,215	4,689
11	Shareholders' Funds	12,032	16,595	7,598	7,310	6,923	6,691	6,257	5,941	5,312	4,786
12	Loan Funds	-	-	-	-	-	-	-	-	-	-
13	Total Capital Employed	12,032	16,595	7,598	7,310	6,923	6,691	6,257	5,941	5,312	4,786
14	Gross Block	751	687	420	402	402	401	441	442	439	431
15	Net Block	421	380	130	122	130	142	205	237	265	288
16	Net Current Assets	923	564	786	490	835	678	792	560	581	299

* *The Engines and Auto – components Divisions of the Company have been transferred to Kirloskar Engines India Limited (KEIL) (now known as Kirloskar Oil Engines Limited) on 31 March 2010, under the Scheme of Arrangement, to vest in KEIL from the Appointed Date, i.e., 1 April 2009.*

** *Under the Scheme of Arrangement, after reduction of share capital in terms of the said Scheme, 5 equity shares of ₹ 2 each have been consolidated into 1 equity share of ₹ 10 each.*

*** *Interim Dividend paid in February 2010.*

**** *Interim Dividend paid in March 2016.*

***** *Presented on the basis of Ind As compliant Financial Statement.*

BOARDS' REPORT FOR FINANCIAL YEAR 2018-19

To The Members,

The Directors have pleasure in presenting this 25th Annual Report with the Audited Annual Accounts of the Company for the year ended 31 March 2019.

I. FINANCIAL PERFORMANCE (STANDALONE):

(₹ in Lakhs)

Particulars	2018-19	* 2017-18
Total Income	**7,792**	7,214
Total Expenditure	**2,112**	2,298
Profit before exceptional items and taxation	**5,680**	4,916
Profit before taxation	**5,680**	4,916
Provision for tax (including Deferred Tax)	**729**	674
Net Profit	**4,951**	4,242
Balance of Profit / (Loss) from previous year	**45,964**	42,725
Add: Lapse of ESOP outstanding	**14**	--
Add: Re-measurement of defined benefit plans (net of Taxes)	**(7)**	(9)
Dividend paid on equity shares:		
For the Financial Year 2016-17	**--**	1,942
For the Financial Year 2017-18	**2,039**	--
Tax on final dividend:		
For the Financial Year 2016-17	**--**	144
For the Financial Year 2017-18	**237**	--
Profit available for appropriation	**48,646**	45,964
Balance carried to Surplus in Statement of Profit and Loss	**48,646**	45,964

* Figures revised as per Ind AS requirements which are effective from 1 April 2018.

II. DIVIDEND:

Your Directors recommend 210% dividend, i.e., ₹ 21 per equity share of ₹ 10 each (Previous year final dividend 210%, i.e., ₹ 21 per equity share of ₹ 10 each) for the Financial Year ended 31 March 2019.

III. CLASSIFICATION OF THE COMPANY AS A CORE INVESTMENT COMPANY (CIC):

The Company is classified as a Core Investment Company (CIC) and exempt from registration with the Reserve Bank of India (RBI).

IV. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A. OPERATIONS OF THE COMPANY:

WINDMILLS:

The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Megawatt (MW). The windmills are located at Tirade Village, Tal. Akole, Dist. Ahmednagar. The windmills have generated net wind energy of 85 Lakh units of electricity in the year under review as against 35 Lakh units of electricity in the previous year showing increase of 245.39 % over the previous year. During the previous year, generation of units from the windmills had gone down due to non-working of 2 Windmills and 5 windmills were not working at full capacity. During the year under review, all Windmills are operational at full capacity except one. The management has taken further corrective steps for improving monitoring system of operations and maintenance of Windmills with the help of the operation and maintenance service provider resulting in higher unit generation in the current year.

The Company has obtained Open Access Permission from Maharashtra State Electricity Distribution Company Limited (MSEDCL) and is selling the wind power units generated to a leading global IT company which has ensured the regular monthly revenue realisation.

All Windmills are registered with the National Load Despatch Centre (NLDC) and are eligible for the Renewable Energy Certificates (RECs). The Company continues to sell energy as green energy (including REC benefits) to third parties.

Maharashtra Electricity Regulatory Commission (MERC) has notified MERC (Forecasting, Scheduling and Deviation of Settlement for Solar and Wind Generation) Regulations, 2018, dated 7 December 2018, with retrospective effect from 1 July 2018. It is mandatory to submit a day-ahead and week-ahead schedule of each generating station or each pooling station at the fifteen minutes time-block by every Windmill. Accordingly, the Company has appointed a Qualified Coordinating Agency (QCA) for forecasting and scheduling of generation of Windmill of the Company for submission of reliable data to MSEDCL.

REAL ESTATE ACTIVITIES:

The Company owns some land parcels in Pune. During the year under review, the Company has taken various measures for the development of the land parcels at Kothrud. Accordingly, the Company has appointed various consultants / sub-consultants for obtaining necessary permissions / No Objection Certificates (NOCs) from various Regulatory Authorities and rendering master planning and architectural design consultancy services, etc.

Further, the Company has obtained various permissions for change in use of land parcels, viz., NOC from Labour Commissioner, Mumbai and Urban Land Ceilings (ULC) permission from Urban Development Department.

Consequently, the Company has spent ₹ 4,091 Lakhs on real estate activities and appointed 5 new employees in view of diversification into the real estate business.

OTHERS:

The Company owns lands and buildings thereon and apartments and offices in Pune, Bangalore, New Delhi and Jaipur. The Company has given most of these lands and buildings and offices on leave and license basis to group and other companies which generated revenue of ₹ 3,060 Lakhs (₹ 3,373 Lakhs as on 31 March 2018).

The Company has disposed off the vacant apartment at Bangalore during the Financial Year 2018-19.

Consequently, the Company has realised revenue of ₹ 146 Lakhs and profit on sale of property is ₹ 129 Lakhs. The management will take necessary measures to sell apartments and offices in Bangalore, New Delhi and Jaipur and use the proceeds for development of real estate activities.

The Company being CIC continues to invest the surplus funds in fixed deposits and liquid funds. These investments stand at ₹ 7,053 Lakhs (previous year ₹ 7,067 Lakhs). These surplus funds are likely to be used for real estate activities.

B. COMPANY PERFORMANCE:

During the year under review, your Company earned an income of ₹ 7,792 Lakhs (previous year ₹ 7,214 Lakhs).

In the year under review, the Company received dividend of ₹ 3,750 Lakhs (previous year ₹ 3,090 Lakhs) declared by the investee companies for the Financial Year 2018-19.

The Profit Before Tax is at ₹ 5,680 Lakhs (previous year ₹ 4,916 Lakhs) after providing for depreciation of ₹ 256 Lakhs (previous year ₹ 150 Lakhs).

C. HUMAN RESOURCES:

As on 31 March 2019, the Company has 18 employees (previous year 13 employees) on its roll, including the Managing Director and the Executive Director.

During the year under review, in view of diversification into real estate business, the Company has appointed 5 new employees.

D. KIRLOSKAR INDUSTRIES LIMITED – EMPLOYEE STOCK OPTION PLAN 2017 (KIL ESOP 2017)

Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017) was introduced in accordance with the SEBI guidelines for the employees of the Company. The KIL ESOP 2017 was administered by the Nomination and Remuneration Committee of the Board of Directors of the Company.

During the year under review, the Company vested 1,34,910 stock options to Identified Employees at an exercise price of ₹ 900 per stock option.

The Nomination and Remuneration Committee at its meeting held on 25 October 2018, approved the grant of 1,06,000 stock options exercisable into 1,06,000 equity shares of the Company to Identified Employee and Non-Executive Director on 25 October 2018, at an exercise price of ₹ 900 per stock option.

KIL ESOP 2017 is in compliance with the applicable provisions of the Companies Act, 2013 and its Rules (the Act), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (‘Employees Benefits Regulations’) and other applicable Regulations, if any.

A certificate from G. D. Apte & Co., Chartered Accountants, Statutory Auditors of the Company, confirming that the KIL ESOP 2017, has been implemented in accordance with Employees Benefits Regulations and in accordance with the resolution passed by the Company at its Annual General Meeting held on 28 August 2017, would be placed before the members at the ensuing Annual General Meeting. A copy of the same will also be available for the inspection at the Company’s Registered Office.

During the Financial Year under review, the exercise period has been extended from 1 year to 3 years from the date of vesting as approved by the members in their meeting held on 11 August 2018.

Details as required under Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014, read with Regulation 14 of Employees Benefits Regulations, as on 31 March 2019, are set out in

'Annexure I' to this Report and are available on the Company's website at www.kil.net.in.

No employee has been granted stock options equal to or exceeding 1% of the issued capital of your Company (excluding convertibles shares and warrants).

In line with the Indian Accounting Standards ("Ind AS") 102 on 'Share Based Payments' issued by the Institute of Chartered Accountants of India ("ICAI"), your Company has computed the cost of equity-settled transactions by using the fair value of the options at the date of the grant and recognised the same as employee compensation cost over the vesting period.

E. CONCERNS AND THREATS:

Following are the identified risks / concerns and threats for the Windmill Operations of the Company:

- Natural calamities like cyclones, earthquake and fire or act of God damage the windmills.
- Agitation by the local people against the operation of windmills.
- Frequent and erratic changes in the Open Access Rules and Regulations and administrative delay in issuing Open Access Permission.
- Underutilisation by customer of units generated specially due to non-working in various Time Zones.
- Major maintenance due to failure of important components of the windmills.
- Disturbances and failure in the Maharashtra State Electricity Distribution Company Limited (MSEDCL) grid.
- Non-availability of timely maintenance by service provider adversely affecting the operations of the windmills.

Following risks and concerns will apply to Real Estate business in general:

1. Market feasibility.
2. Environmental issues.
3. Delays in receiving approvals from various statutory authorities.
4. Timely completion of project.
5. Sales / leasing impacting the returns.

Your Board is conscious of these risks and will take adequate measures to mitigate the risks before considering any investment in development of project.

In view of the above and as a practice of good corporate governance, the Board of Directors has voluntarily constituted a Risk Management Committee (the Committee) to identify the risk, mitigate the risk and monitor the development and deployment of risk mitigation action plans for the businesses of the Company.

F. PROSPECTS:

Wind energy generation is largely depend on natural factors such as velocity of wind, continuity of the flow, etc. and are unpredictable and beyond control. The business is also largely impacted adversely by changes made by the Regulatory Authorities in the open access policies.

Your Board is conscious of land bank in Pune and based on market feasibility and assessment report conducted by the Company through third party, we believe that if rightfully undertaken we can realise better incremental value on the said land parcels. These land parcels shall be carefully evaluated and developed in a phased manner.

G. INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial reporting and compliance of various laws and regulations.

The internal control system is supported by the internal audit process. An Internal Auditor has been appointed for this purpose. The Audit Committee of the Board reviews the Internal Audit Report and the adequacy and effectiveness of internal controls periodically.

H. CAUTIONARY STATEMENT:

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

I. SEBI REGULATIONS AND LISTING FEES:

The annual listing fees for the year under review have been paid to BSE Limited and National Stock Exchange of India Limited, where your Company's shares are listed.

J. DETAILS OF MATERIAL SUBSIDIARY:

In terms of the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), Kirloskar Ferrous Industries Limited (KFIL) is a material subsidiary of the Company, in which, the Company holds 51.32% of its total shareholding.

During the year under review, KFIL has not sold / disposed off and leased assets more than 20% of its assets.

K. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS:

As on 31 March 2019, the Company has one subsidiary, i.e., Kirloskar Ferrous Industries Limited (KFIL).

The Consolidated Financial Statements of the Company and its subsidiary, prepared in accordance with Ind AS 110, issued by the Institute of Chartered Accountants of India, forms part of this Annual Report. A statement containing the salient features of the Financial Statement of the subsidiary company is attached to the Financial Statements of the Company in Form AOC-1.

Pursuant to the provisions of Section 136 of the Act, the Financial Statements along with relevant documents of the Company and its subsidiary, are available on the Company's website.

The Annual Accounts of the subsidiary and related detailed information will be kept for inspection by any shareholder at the Registered Office of the Company and will also be made available to the members on demand, at any point of time.

BRIEF HIGHLIGHTS OF BUSINESSES OF SUBSIDIARY COMPANY:

KIRLOSKAR FERROUS INDUSTRIES LIMITED:

Kirloskar Ferrous Industries Limited (KFIL) is in the business of manufacturing of iron castings and has its manufacturing facilities at Bevinahalli village in Karnataka and Solapur in Maharashtra.

The Board of Directors of KFIL declared an interim dividend of ₹ 1 (20%) per equity share.

The Board of Directors of KFIL has also recommended a final dividend of ₹ 1 (20%) per equity share (previous year final dividend 25%, i.e., ₹ 1.25 per equity share of ₹ 5 each) for the Financial Year ended 31 March 2019. Accordingly, the total dividend (inclusive of interim dividend declared and paid) for the Financial Year 2018-19 is 40%.

During the year under review, there has been a substantial improvement in the performance of KFIL both in sales and profit. KFIL achieved net sales of ₹ 2,15,915 Lakhs (previous year ₹ 1,76,519 Lakhs).

Profit Before Tax (PBT) for the year under review stood at ₹ 14,671 Lakhs, as compared to ₹ 5,442 Lakhs of previous year after providing for depreciation and amortisation. Also Profit After Tax (PAT) for the year under review stood at ₹ 9,811 Lakhs, as compared to ₹ 3,800 Lakhs of the previous year.

KFIL sold MT 3,58,557 of Pig Iron valued at ₹ 1,17,572 Lakhs during the Financial Year 2018-19, as compared to 3,06,303 MT of Pig Iron valued at ₹ 91,602 Lakhs in the previous year.

KFIL sold 97,268 MT castings aggregating to ₹ 92,311 Lakhs during the Financial Year 2018-19, as compared to 82,922 MT castings aggregating to ₹ 72,126 Lakhs in the previous year.

There was reduction in power consumption / cost during the year:

1. in Koppal plant arising out of generation of power using blast furnace gas and with the revamping of turbo generators;
2. owing to the commissioning of 11 MW Solar power plant at Solapur.

   KFIL has been able to strategically reduce financing cost of working capital by availing facility at very competitive rates during the year under review.

   KFIL has completed the following projects during the year under review:

   1. Railway siding at its plant at Koppal. This project will facilitate inward movement of raw materials and outward movement of pig iron resulting in reduction in cost of transportation and handling losses.
   2. Installed and commissioned 11 MW Solar power plant at Solapur in October 2018. This has resulted in reduction of power cost of the foundry at Solapur.
   3. KFIL has acquired following two mines by participating in the mines auction in Karnataka:
      1. M/s. Bharath Mines & Minerals,
      2. Sri. M Channakesava Reddy (M/s. Sri Lakshmi Narasimha Mining Co).

      This will facilitate in the reduction of Iron Ore cost and having its own source of raw material.
   4. 3D printing facility installed at Koppal Plant has resulted in the reduction of cycle time of development of castings. This will help to increase more orders for castings business.
   5. Improvement in Turbo Generator capacity utilisation with Mini blast furnace upgradation.

KFIL undertaken the following projects during the year under review:

1) KFIL is working on more value added products to secure increased orders for machined castings from its customers by setting proper machining facilities with appropriate machines.
2) Installed mechanised fettling facilities for superior casting finish both at Koppal and Solapur Plant.
3) Commenced the project activity for 2 lakh ton Coke Oven plant and 20 MW Power Plant and the progress so far is satisfactory and project work is progressing as per time line and expected to be commissioned in the quarter IV of Financial Year 2019-20.

L. DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS:

Details of significant changes, i.e., change of 25% or more, as compared to the immediately previous Financial Year in key financial ratio, along with detailed explanation therefor:

Sr. No.	Particulars	Ratio as on 31 March 2019	Ratio as on 31 March 2018	% of change	Explanations, if any
i.	Debtors' Turnover	22.13	2.39	19.73	Refer Note 1
ii.	Inventory Turnover	NA	NA	-	Refer Note 2
iii.	Interest Coverage Ratio	NA	NA	-	Refer Note 3
iv.	Current Ratio	3.44	3.62	0.18	Not applicable
v.	Debt Equity Ratio	NA	NA	-	Refer Note 4
vi.	Operating Profit Margin (%)	38.36	(32.62)	70.98	Not applicable
vii.	Net Profit Margin (%)	63.53	58.80	4.74	Not applicable

Note:

1. Debtors relate only to windmill business. In view of the recovery of old outstanding the ratio has improved.
2. The Company does not have any inventory.
3. The Company does not have any interest cost.
4. The Company does not have any borrowings.

M. RETURN ON NET WORTH:

Details of change in Return on Net Worth as compared to the immediately previous Financial Year as follows:

Sr. No.	Particulars	Ratio as on 31 March 2019 in ₹	Ratio as on 31 March 2018 in ₹	% of change	Explanations
1	Net worth	4.11	2.56	60.55%	Refer Note 1

Note:

1. Market value of investments has gone down by ₹ 49,282 Lakhs. Consequently, return on net worth has increased.

V. PARTICULARS OF INFORMATION FORMING PART OF THE BOARDS' REPORT PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2013, RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

1. EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT-9 are annexed as **'Annexure II'** to this Report.

The Annual Return filed with the Ministry of Corporate Affairs (MCA), for the Financial Year 2017-18, is available on the website of the Company, viz., wwwi.kil.net.in and the Annual Return for the Financial Year 2018-19, will be made available on the website of the Company once it is filed with MCA.

2. NUMBER OF MEETINGS OF THE BOARD:

During the year under review, 5 Board Meetings were convened and held, the details of which form part of Report on Corporate Governance. The intervening gap between the Meetings was within the period prescribed under the Act.

3. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 134 (5) of the Act, in respect of Directors' Responsibility Statement, your Directors state that:

a) in the preparation of the Annual Financial Statements for the year ended 31 March 2019, the applicable accounting standards had been followed and there were no material departures;

b) accounting policies as mentioned in Note 4 of the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2019 and of the Profit of the Company for the year ended on that date;

c) proper and sufficient care has been taken for the 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 fraud and other irregularities;

d) the Annual Financial Statements have been prepared on a going concern basis;

e) proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively; and

f) proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

4. A STATEMENT ON DECLARATION BY THE INDEPENDENT DIRECTORS:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Act and Regulation 16 (1) (b) of the Regulations and also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

The Company has laid down a Code for the Board of Directors and Senior Management of the Company (Code of Conduct). The Code of Conduct is available on the Company's website viz., www.kil.net.in.

All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct.

5. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The Board has on the recommendation of the Nomination and Remuneration Committee adopted a policy for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel and their remuneration.

The Nomination and Remuneration Policy is available on the website of the Company, viz., www.kil.net.in.

6. AUDITORS:

a. Statutory Auditors:

G. D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W), Pune, were appointed as the Statutory Auditors of the Company under Section 139 of the Act, to hold the office for a second term of five years from the conclusion of the Annual General Meeting (AGM) held on 11 August 2016, till the conclusion of the AGM of the Company, to be held in the year 2021.

The Company has received a certificate from the Statutory Auditors to the effect that they are fulfilling requirements prescribed under the provisions of Section 141 of the Act.

b. Cost Auditors:

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company was neither required to audit cost records relating to Electricity Industry (Windmills) nor required to maintain cost records in Form CRA -1 for the Financial Year 2018-19. However, the Company has voluntarily maintained cost records From relating to Windmills in Form CRA – 1 for the Financial Year 2018-19.

c. Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the Regulations, the Company had appointed Mr. Mahesh J. Risbud, Practicing Company Secretary, (FCS 810 CP 185), Pune, to undertake the Secretarial Audit of the Company.

The Report of the Secretarial Audit is annexed as **'Annexure III'** to this Report.

Mr. Mahesh J. Risbud, Practising Company Secretary, Pune, has submitted Secretarial Compliance Report as laid down in SEBI Circular CIR/CFD/CMD1/27/2019 dated 8 February 2019, and has also confirmed that the Company has complied with of all applicable SEBI Regulations and circulars / guidelines issued thereunder, for the Financial Year 2018-19.

7. EXPLANATION OR COMMENTS OF STATUTORY AUDITORS AND SECRETARIAL AUDITORS:

There are no qualifications, reservations or adverse remarks or disclaimer made by the Statutory Auditors in their Audit Report or by the Practicing Company Secretary in the Secretarial Audit Report for the year ended 31 March 2019.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

Your Company has not granted any loan or guarantee or made any investment during the year.

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013:

Pursuant to the provisions of Section 134 of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, the particulars of all contracts or arrangements entered into by the Company with related parties have been done at arm's length and are in the ordinary course of business. Hence, no particulars are being provided in Form AOC – 2. Related party disclosures as per the Indian Accounting Standard 24 (Ind AS 24) have been provided in Note 42 to the Financial Statements.

10. STATE OF COMPANY'S AFFAIRS:

Discussion on state of Company's affairs has been covered in the Management Discussion and Analysis Report.

11. AMOUNTS PROPOSED TO BE CARRIED TO RESERVES:

The particulars of the amounts proposed to be carried to reserves have been covered as part of the financial performance of the Company.

12. MATERIAL CHANGES AND COMMITMENTS, BETWEEN THE DATE OF BALANCE SHEET AND THE DATE OF REPORT:

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. Conservation of Energy and Technology Absorption:

The Company has no particulars to report regarding conservation of energy and technology absorption as required under Section 134 (3) (m) of the Act, read with Rules thereunder.

B. Foreign exchange earnings and outgo:

(₹ in Lakhs)

Particulars	Amount
Foreign exchange earnings	NIL
Foreign exchange outgo	NIL

14. RISK MANAGEMENT POLICY:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through risk mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company from time to time.

15. CORPORATE SOCIAL RESPONSIBILITY:

The Company has been carrying out Corporate Social Responsibility (CSR) activities. These activities carried out in terms of Section 135 read with Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Annual Report on CSR activities includes details about the CSR policy developed and implemented by the Company. CSR initiatives taken during the year is annexed as **'Annexure IV'** to this Report.

16. BOARD EVALUATION:

Pursuant to the provisions of the Act and Regulation 17 (10) of the Regulations, the Board has carried out performance evaluation of its own performance and that of its committees and individual Directors.

17. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES :

Name and Registered Office of the Subsidiary Company	% Holding	Particulars	Amount (₹ in Lakhs)
Kirloskar Ferrous Industries Limited, 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003	51.32	Total income	2,16,468
		Profit before tax	14,671
		Tax expenses	4,860
		Profit for the year	9,811
		Other comprehensive income for the year	27
		Total comprehensive income for the period	9,838
		Profit brought forward from previous year	27,855
		Dividend paid on equity shares	(1,717)
		Tax on above Dividend	(353)
		Interim dividend paid on equity shares	(1,377)
		Tax on above Dividend	(283)
		Profit available for appropriation	33,963
		Transfer to General Reserves	(500)
		Balance carried to surplus in the Statement of Profit and Loss	33,463

Name and Registered Office of the Associate Company	% Holding	Particulars	Amount (₹ in Lakhs)
# Kirloskar Brothers Limited, Udyog Bhavan, Tilak Road, Pune 411 030	23.91	Total income	1,48,630
		Total expenditure	1,41,810
		Profit before exceptional items and taxation	6,820
		Profit before taxation	6,820
		Provision for tax (including Deferred Tax)	1,720
		Net profit	5,100
		Other comprehensive income	-
		Balance of Profit / (Loss) from previous year	Not available
		Dividend paid on equity shares	Not available
		Tax on above dividend	Not available
		Profit available for appropriation	Not available
		Transfer to General Reserve	Not available
		Balance carried to surplus in the Statement of Profit and Loss	Not available

Note:

The Company does not have significant influence on Kirloskar Brothers Limited (KBL) as it does not participate in the management and / or financial decisions of KBL. As such KBL is not an Associate Company of the Company under the Ind AS 24 and as such its financials are not included in the Consolidated Financial Statements of the Company. Hence, the aforesaid information is obtained from the website of KBL for the quarter and nine months ended 31 December 2018.

18. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

Your Company continues to carry on the business of wind power generation and has undertaken activities relating to Real Estate development.

19. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Directors appointed / re-appointed during the year

Name of Director	Designation	Terms of appointment
Mr. Satish Jamdar *	Independent Director	Five consecutive years commencing from 17 May 2018 up to 16 May 2023.
Mrs. Mrunalini Deshmukh *	Independent Director	Five consecutive years commencing from 17 May 2018 up to 16 May 2023.
Mr. Nihal Kulkarni **	Director	Re-appointed w.e.f. 11 August 2018, subject to retirement by rotation.
Mr. Vinesh Kumar Jairath ***	Director	Appointed w.e.f. 11 August 2018, subject to retirement by rotation.

* Mr. Satish Jamdar and Mrs. Mrunalini Deshmukh were co-opted as Additional Independent Directors with effect from 17 May 2018 and appointed in the Annual General Meeting held on 11 August 2018.

** Mr. Nihal Kulkarni retired by rotation and was re-appointed in the Annual General Meeting held on 11 August 2018.

*** The Board of Directors of the Company in its meeting held on 14 June 2018, appointed Mr. Vinesh Kumar Jairath as an Additional Non-Executive Director and also in the capacity as Advisor to the Company for a period of 5 years with effect from 14 June 2018 and appointed in the Annual General Meeting held on 11 August 2018.

Key Managerial Personnel (KMP) appointed during the year

During the year under review, there has been no change in the Key Managerial Personnel of the Company.

20. DIRECTORS AND KEY MANAGERIAL PERSONNEL RESIGNED DURING THE YEAR 2018-19:

Mr. Vinesh Kumar Jairath resigned as an Independent Director with effect from 14 June 2018, as the Board was to consider his appointment as Advisor to the Company, in its meeting held on 14 June 2018.

The members of the Company appointed Mr. Vinesh Kumar Jairath as a Non-Executive Director in their meeting held on 11 August 2018.

21. DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED AT THE ENSUING ANNUAL GENERAL MEETING:

Mr. Atul Kirloskar and Mr. Anil Alawani who retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has also received the requisite disclosures / declarations from Mr. Atul Kirloskar and Mr. Anil Alawani.

The brief resumes and other details relating to Directors who are proposed to be re-appointed, as required to be disclosed under Regulation 36 (3) of the Regulations, form part of the Statement setting out material facts annexed to the Notice of the Annual General Meeting.

The resolution seeking approval of members for the re-appointment of these Directors have been incorporated in the Notice of the forthcoming Annual General Meeting of the Company.

22. NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR:

None

23. DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE COMPANIES ACT, 2013:

None

24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

To the best of our knowledge, the Company has not received any such order from the Regulators, Courts or Tribunals during the year, which may impact the going concern status or the Company's operation in future.

25. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has developed a strong two-tier internal control framework comprising entity level controls and process level controls. The entity level controls of the Company include elements such as defined Code of Conduct, Whistle Blower Policy / Vigil Mechanism, rigorous management review and Management Information System (MIS) and strong internal audit mechanism. The process level controls have been ensured by implementing appropriate checks and balances to ensure adherence to Company policies and procedures, efficiency in operations and also reduce the risk of frauds.

Regular management oversight and rigorous periodic testing of internal controls makes the internal controls environment strong at the Company. The Audit Committee along with the Management oversees results of the internal audit and reviews implementation on a regular basis.

26. COMPOSITION OF THE AUDIT COMMITTEE:

The composition of the Audit Committee has been reported in the Report on Corporate Governance annexed to this Report.

VI. INFORMATION FORMING PART OF THE BOARDS' REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUENRATION OF MANAGERIAL PERSONNEL) RULES, 2014:

The relevant information pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **'Annexure V'** to this Report.

The particulars of top ten employees pursuant to the aforesaid Rules form part of this Report. In terms of Section 136(1) of the Act, the Boards' Report is being sent to the members without this Annexure. The members interested in obtaining a copy of this Annexure may write to the Company Secretary at the Company's Registered Office.

VII. VIGIL MECHANISM:

The Company has a Whistle Blower Policy / Vigil Mechanism ("the Policy") to deal with instances of fraud, unethical behavior, etc. The Policy provides a mechanism for directors and employees of the Company and other persons dealing with the Company to report genuine concerns including but not limited to unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct for Board of Directors and Senior Management or ethics policy or leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations, or any other instance to the Chairman of the Audit Committee of the Board of Directors of the Company. The Policy is placed on the Company's website, viz., www.kil.net.in.

VIII. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

During the year under review, the Company has complied with the provisions relating to the constitution of Internal Complaints Committee (the Committee) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Committee comprises of four members including one external member.

During the year under review, four meetings of the Committee were held on 4 May 2018, 1 August 2018, 5 October 2018 and 9 January 2019.

The Company has in place a Policy for Prevention of Sexual Harassment at workplace. This would, *inter alia,* provide a mechanism for the resolution, settlements or prosecution of acts or instances of sexual harassment at workplace and to ensure that all employees are treated with respect and dignity. There were no complaints / cases filed / pending with the Company during the year under review.

IX. CASH FLOW:

A Cash Flow Statement for the year ended 31 March 2019, is attached to the Balance Sheet as a part of the Financial Statements.

X. COMPLIANCES WITH RESPECT TO APPLICABLE SECRETARIAL STANDARDS:

During the year under review, the Company has complied with all the applicable secretarial standards.

XI. CORPORATE GOVERNANCE:

In terms of Regulation 34 (3) of the Regulations, a Report on the Corporate Governance along with Compliance Certificate issued by the Statutory Auditors of the Company is attached and forms part of the Annual Report.

XII. REMUNERATION RECEIVED BY THE MANAGING DIRECTOR / THE EXECUTIVE DIRECTOR FROM SUBSIDIARY COMPANY:

Sr. No.	Name of Director	Designation	Remuneration received from Kirloskar Ferrous Industries Limited, Subsidiary Company in ₹
1	Mr. Mahesh Chhabria	Managing Director	5,00,000
2	Ms. Aditi Chirmule	Executive Director	NA

ACKNOWLEDGEMENTS:

Your Directors would like to place on record their appreciation of the contribution made and support provided to the Company by the members, employees and bankers, during the year under report.

For and on behalf of the Board of Directors

Pune: 16 May 2019

ATUL KIRLOSKAR
CHAIRMAN
DIN 00007387

ANNEXURE I TO THE BOARDS' REPORT

DISCLOSURES PURSUANT TO RULE 12 (9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014, READ WITH REGULATION 14 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014, READ WITH SEBI CIRCULAR DATED 16 JUNE 2015 ON ESOP DISCLSOURES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

A. Relevant disclosures in terms of the 'Ind AS 102 – Share-based payments' notified under Section 133 of the Companies Act, 2013, ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:

All the relevant disclosures in terms of the 'Ind AS 102 – Share-based payments' notified under Section 133 of the Act are made in the Financial Statements.

B. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Ind AS 33 (Earnings Per Share):

Diluted EPS of the Company is ₹ 51.55

C. Details related to Employees Stock Options Schemes (ESOS) of the Company:

i. The descriptions including terms and conditions of ESOS is summarised as under:

Sr. No.	Particulars	Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)
a.	Date of members' approval	28 August 2017 and further amended on 11 August 2018
b.	Dates of grant	1. 1 November 2017 2. 25 October 2018
c.	Total number of options approved under the KIL ESOP 2017	4,85,000
d.	Vesting requirement	**a. For vesting of options** There shall be a minimum period of 1 year between grant of options and vesting of options. The options would vest over a maximum period of 3 years. Based on being in continued employment with the Company and if the Nomination and Remuneration Committee feels necessary, in certain or in all cases, specify certain performance parameters, i.e., corporate, individual or combination, subject to which options will vest. **b. For exercise of options** Three years from the date of vesting.
e.	Exercise price or pricing formula	₹ 900 per option
f.	Source of shares	Primary
g.	Variation in terms of options	Subject to necessary approvals as may be required, the Nomination and Remuneration Committee may at any time amend, alter or vary the terms of the KIL ESOP 2017, and / or terms of the options already granted under the KIL ESOP 2017, subject to the condition that such amendment, alteration or variation as the case may be, is not detrimental to the interest of employees. During the financial year under review, the exercise period has been extended from 1 year to 3 years from the date of vesting, as approved by the members in their meeting held on 11 August 2018.

ii. Method used to account for ESOS:

The Company uses fair value method of accounting for stock options which is in accordance with Ind AS 102.

iii. The difference between the employee compensation cost computed using the intrinsic value of options and the employee compensation cost that shall have been recognised if it had used the fair value of the options:

Not applicable.

iv. Options movement during the year ended 31 March 2019:

Particulars	Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)
Number of options outstanding at the beginning of the period (Nos.)	2,22,818
Number of options forfeited / lapsed during the year	8,088
Number of options granted during the year	1,06,000
Number of options vested during the year	1,34,910
Number of options exercised during the year	Nil
Number of shares arising as a result of exercise of options	Nil
Money realised by exercise of options (INR), if scheme is implemented directly by the Company	Nil
Number of options outstanding at the end of the year	3,20,730
Number of options exercisable at the end of the year	1,34,910

v. Weighted-average exercise price and weighted-average fair value of options granted during the year, where exercise price is less than the market price on the date of grant:

Weighted average exercise price: ₹ 900

Weighted average fair value of options: ₹ 213.45

vi. Employee wise details (name of employee, designation, number of options granted, exercise price) of options granted during the Financial Year 2018-19 to:

a) Senior Managerial Personnel:

Sr. No.	Name of employee	Designation	No. of options granted during the year	Exercise price ₹
1.	Mr. Mahesh Chhabria	Managing Director	95,000	900
		Total	**95,000**	

Non-Executive Director:

Sr. No.	Name of Director	Designation	No. of stock options granted during the year	Exercise price ₹
1.	Mr. Vinesh Kumar Jairath	Non-Executive Director	11,000	900
		Total	**11,000**	

b) **Any other employee / Non-Executive Director who receive a grant in any one year of option amounting to 5% or more of options granted during that year:**

Sr. No.	Name of Employee / Non-Executive Director	Designation	No. of stock options granted during the year	Exercise price ₹
1.	Mr. Mahesh Chhabria	Managing Director	95,000	900
2.	Mr. Vinesh Kumar Jairath	Non-Executive Director	11,000	900
		Total	**1,06,000**	

c) **Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:**

Nil

vii. **Description of the method and significant assumption used during the year to estimate the fair value of options including the following information:**

a. The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;

b. The method used and the assumptions made to incorporate the effects of expected early exercise;

c. How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and

d. Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition.

Please refer Note 43 forming parts of the Financial Statements.

ANNEXURE II TO THE BOARDS' REPORT

FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN
AS AT FINANCIAL YEAR ENDED 31 March 2019

[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	L70100PN1978PLC088972
ii	Registration date	13 June 1978
iii	Name of the Company	Kirloskar Industries Limited
iv	Category / Sub-Category of the Company	Public Company / limited by shares
v	Address of the Registered Office and contact details	Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune 411 005 Tel.: +91(20) 2970 4374 Fax: +91(20) 2970 4374 E mail: investorrelations@kirloskar.com Website: www.kil.net.in
vi	Whether listed Company	Yes
vii	Name, address and contact details of the Registrar and Share Transfer Agent, if any	Link Intime India Private Limited 'Akshay' Complex, Block No. 202, 2nd Floor, Near Ganesh Temple, Off. Dhole Patil Road, Pune 411 001 Tel.: +91(20) 2616 1629 / 2616 0084 Fax: +91(20) 2616 3503 E mail: pune@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 stated below:

Sr. No.	Name and description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Windmill	400	9.23 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Kirloskar Ferrous Industries Limited, 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003	L27101PN1991PLC063223	Subsidiary	51.32	2 (87) (ii)
2.	Kirloskar Brothers Limited, Udyog Bhavan, Tilak Road, Pune 411 002	L29113PN1920PLC000670	Associate	23.91	2 (6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(v). Category-wise Share Holding:

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a. Individual / Hindu Undivided Family	70,51,534	Nil	70,51,534	72.63	70,51,534	Nil	70,51,534	72.63	Nil
b. Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Bodies Corporates	16,644	Nil	16,644	0.17	46,644	Nil	46,644	0.48	0.31
e. Bank / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f. Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A)(1):-	**70,68,178**	**Nil**	**70,68,178**	**72.80**	**70,98,178**	**Nil**	**70,98,178**	**73.11**	**0.31**
a. Non Resident Indians – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. Bodies Corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Banks / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A)(2):-	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	**70,68,178**	**Nil**	**70,68,178**	**72.80**	**70,98,178**	**Nil**	**70,98,178**	**73.11**	**0.31**
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	125	2,625	2,750	0.03	125	2,600	2,725	0.03	Nil
b. Banks / Financial Institutions	3,18,358	2,862	3,21,220	3.31	3,18,358	2,862	3,21,220	3.31	Nil
c. Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f. Insurance Companies	1,18,176	Nil	1,18,176	1.22	Nil	1,18,176	1,18,176	1.22	Nil
g. Foreign Institutional Investors	9,59,182	425	9,59,607	9.88	9,61,205	125	9,61,330	9.90	0.02
h. Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i. Others (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (1):-	**13,95,841**	**5,912**	**14,01,753**	**14.44**	**13,97,919**	**5,587**	**14,03,506**	**14.46**	**0.02**
2. Central Govt. / State Govt. / President of India	Nil	Nil	Nil	Nil	55	0.00	55	0.00	0.00
Sub-total (B) (2):-	**Nil**	**Nil**	**Nil**	**Nil**	**55**	**0.00**	**55**	**0.00**	**0.00**
3. Non –Institutions									
a. Body Corporates									
i. Indian	94,041	985	95,026	0.98	73,209	958	74,167	0.76	(0.22)
b. Individuals									
ii. Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i. Individual shareholders holding nominal share capital up to ₹ 1 Lakh	7,89,193	1,44,386	9,33,579	9.61	8,09,237	1,23,232	9,32,469	9.60	(0.01)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	91,462	Nil	91,462	0.94	80,524	Nil	80,524	0.83	(0.11)
c. NBFC registered with RBI	Nil	Nil	Nil	Nil	1,260	Nil	1,260	0.01	0.01
d. Others (Specify)									
i. IEPF	32,705	Nil	32,705	0.34	38,738	Nil	38,738	0.40	0.06
ii. Clearing members	10,384	Nil	10,384	0.11	3,430	Nil	3,430	0.04	(0.07)
iii. NRI (Repatriate)	6,841	2,890	9,731	0.10	8,233	2,869	11,102	0.11	w0.01
iv. NRI (Non – Repatriate)	11,892	Nil	11,892	0.12	12,399	Nil	12,399	0.13	0.01
v. Trusts	2,236	Nil	2,236	0.02	2,236	Nil	2,236	0.02	Nil
vi. Foreign Nationals	513	Nil	513	0.01	88	Nil	88	0.00	(0.01)
vii. HUF	51,160	Nil	51,160	0.53	50,522	Nil	50,522	0.52	(0.01)
Sub-total (B)(3):-	**10,90,427**	**1,48,261**	**12,38,688**	**12.76**	**10,79,876**	**1,27,059**	**12,06,935**	**12.43**	**(0.33)**
Total Public Shareholding (B) = (B)(1) + (B)(2) + (B)(3)	**24,86,268**	**1,54,176**	**26,40,441**	**27.20**	**24,77,795**	**1,32,646**	**26,10,441**	**26.89**	**(0.31)**
C. Shares held by custodian for GDRs and ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	**95,54,446**	**1,54,176**	**97,08,619**	**100.00**	**95,75,973**	**1,32,646**	**97,08,619**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding 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.	Atul Kirloskar	16,35,300	16.84	0.00	16,35,300	16.84	0.00	0.00
2.	Rahul Kirloskar	16,21,688	16.70	0.00	16,21,688	16.70	0.00	0.00
3.	Sanjay Kirloskar	2,626	0.03	0.00	2,626	0.03	0.00	0.00
4.	Vikram Kirloskar	4,632	0.05	0.00	4,632	0.05	0.00	0.00
5.	Mrinalini Kirloskar	5,856	0.06	0.00	5,856	0.06	0.00	0.00
6.	Suman Kirloskar	3,558	0.04	0.00	3,558	0.04	0.00	0.00
7.	Roopa Gupta	1,392	0.01	0.00	1,392	0.01	0.00	0.00
8.	Geetanjali Kirloskar	2	0.00	0.00	2	0.00	0.00	0.00
9.	Jyotsna Kulkarni	23,57,184	24.28	0.00	11,78,592	12.14	0.00	(12.14)
10.	Arti Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	0.00
11.	Alpana Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	0.00
12.	Nihal Kulkarni	0	0.00	0.00	5,89,296	6.07	0.00	6.07
13.	Ambar Kulkarni	0	0.00	0.00	5,89,296	6.07	0.00	6.07
14.	Navsai Investments Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
15.	Alpak Investments Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
16.	Achyut & Neeta Holdings & Finance Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
17.	Kirloskar Chillers Private Limited	16,144	0.17	0.00	46,144	0.48	0.00	0.31
18.	Kirloskar Pneumatic Co. Limited	200	0.00	0.00	200	0.00	0.00	0.00

Notes
1. In case of joint holdings, the name of first holder is considered.
2. No shares of promoters have been pledged or encumbered as on 01.04.2018 or 31.03.2019 or during the year ended 31.03.2019.

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	Name of shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Atul Kirloskar**				
	At the beginning of the year (01.04.2018)	16,35,300	16.84	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	16,35,300	16.84
2.	**Rahul Kirloskar**				
	At the beginning of the year (01.04.2018)	16,21,688	16.70	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	16,21,688	16.70
3.	**Sanjay Kirloskar**				
	At the beginning of the year (01.04.2018)	2,626	0.03	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	2,626	0.03
4.	**Vikram Kirloskar**				
	At the beginning of the year (01.04.2018)	4,632	0.05	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	4,632	0.05
5.	**Mrinalini Kirloskar**				
	At the beginning of the year (01.04.2018)	5,856	0.06	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	5,856	0.06
6.	**Suman Kirloskar**				
	At the beginning of the year (01.04.2018)	3,558	0.04	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	3,558	0.04
7.	**Roopa Gupta**				
	At the beginning of the year (01.04.2018)	1,392	0.01	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	1,392	0.01
8.	**Geetanjali Kirloskar**				
	At the beginning of the year (01.04.2018)	2	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	2	0.00
9.	**Arti Kirloskar**				
	At the beginning of the year (01.04.2018)	7,09,648	7.31	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	7,09,648	7.31

Sr. No.	Name of shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10.	**Jyotsna Kulkarni**				
	At the beginning of the year (01.04.2018)	23,57,184	24.28	-	-
	Decrease as on 21.02.2019 (Inter-se transfer among Promoter Group between relatives without consideration as a gift)	(11,78,592)	(12.14)	11,78,592	12.14
	At the end of the year (31.03.2019)	-	-	11,78,592	12.14
11.	**Alpana Kirloskar**				
	At the beginning of the year (01.04.2018)	7,09,648	7.31	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	7,09,648	7.31
12.	**Navsai Investments Private Limited**				
	At the beginning of the year (01.04.2018)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	100	0.00
13.	**Alpak Investments Private Limited**				
	At the beginning of the year (01.04.2018)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	100	0.00
14.	**Achyut & Neeta Holdings & Finance Private Limited**				
	At the beginning of the year (01.04.2018)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	100	0.00
15.	**Kirloskar Chillers Private Limited**				
	At the beginning of the year (01.04.2018)	16,144	0.17	-	-
	Increase as on 05.10.2018	30,000	0.31	46,144	0.48
	At the end of the year (31.03.2019)	-	-	46,144	0.48
16.	**Kirloskar Pneumatic Co. Limited**				
	At the beginning of the year (01.04.2018)	200	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2019)	-	-	200	0.00
17.	**Nihal Kulkarni**				
	At the beginning of the year (01.04.2018)	-	-	-	-
	Increase as on 21.02.2019 (Inter-se transfer among Promoter Group between relatives without consideration as a gift)	5,89,296	6.07	5,89,296	6.07
	At the end of the year (31.03.2019)	-	-	5,89,296	6.07
18.	**Ambar Kulkarni**				
	At the beginning of the year (01.04.2018)	-	-	-	-
	Increase as on 21.02.2019 (Inter-se transfer among Promoter Group between relatives without consideration as a gift)	5,89,296	6.07	5,89,296	6.07
	At the end of the year (31.03.2019)	-	-	5,89,296	6.07

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

Sr. No.	For each of top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**India Capital Fund Limited**					
	At the beginning of the year (01.04.2018)		9,59,117	9.88	-	-
	Increase as on 29.09.2018	Transfer	2,000	0.02	9,61,117	9.90
	Increase as on 16.11.2018	Transfer	88	0.00	9,61,205	9.90
	At the end of the year (31.03.2019)		-	-	9,61,205	9.90
2.	**The Oriental Insurance Company Limited**					
	At the beginning of the year (01.04.2018)		1,42,251	1.47	-	-
	Increase / Decrease in the share-holding		No change during the year			
	At the end of the year (31.03.2019)		-	-	1,42,251	1.47
3.	**The New India Assurance Company Limited**					
	At the beginning of the year (01.04.2018)		1,19,997	1.24	-	-
	Increase / Decrease in the share-holding		No change during the year			
	At the end of the year (31.03.2019)		-	-	1,19,997	1.24
4.	**General Insurance Corporation of India**					
	At the beginning of the year (01.04.2018)		1,18,176	1.22	-	-
	Increase / Decrease in the share-holding		No change during the year			
	At the end of the year (31.03.2019)		-	-	1,18,176	1.22
5.	**National Insurance Company Limited**					
	At the beginning of the year (01.04.2018)		55,862	0.58	-	-
	Increase / Decrease in the share-holding		No change during the year			
	At the end of the year (31.03.2019)		-	-	55,862	0.58

Sr. No.	For each of top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	**Antique Securities Private Limited**					
	At the beginning of the year (01.04.2018)		50,000	0.52	-	-
	Decrease as on 05.10.2018	Transfer	(30,000)	(0.31)	20,000	0.21
	Decrease as on 01.03.2019	Transfer	(20,000)	(0.21)	-	-
	At the end of the year (31.03.2019)		-	-	-	-
7.	**Jagdish Amritlal Shah jointly with Shaunak Jagdish Shah and Jagruti Shaunak Shah**					
	At the beginning of the year (01.04.2018)		40,065	0.41	-	-
	Increase / Decrease in the share-holding		No change during the year			
	At the end of the year (31.03.2019)		-	-	40,065	0.41
8.	**Investor Education and Protection Fund Authority Ministry of Corporate Affairs**					
	At the beginning of the year (01.04.2018)		32,705	0.34	-	-
	Increase as on 05.10.2018	Transfer	6,033	0.06	38,738	0.40
	At the end of the year (31.03.2019)		-	-	38,738	0.40
9.	**Arun Nahar**					
	At the beginning of the year (01.04.2018)		19,276	0.20	-	-
	Increase as on 18.05.2018	Transfer	36	0.00	19,312	0.20
	At the end of the year (31.03.2019)		-	-	19,312	0.20
10.	**Shree Stockvision Securities Limited**					
	At the beginning of the year (01.04.2018)		11,888	0.12	-	-
	Increase / Decrease in the share-holding		No change during the year			
	At the end of the year (31.03.2019)		-	-	11,888	0.12

Sr. No.	For each of top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
11.	**Antique Stock Broking Limited**					
	At the beginning of the year (01.04.2018)		-	-	-	-
	Increase as on 05.10.2018	Transfer	30,000	0.31	30,000	0.31
	Decrease as on 12.10.2018	Transfer	(30,000)	(0.31)	-	-
	Increase as on 01.02.2019	Transfer	10,974	0.11	10,974	0.11
	Increase as on 01.03.2019	Transfer	20,974	0.22	30,974	0.32
	At the end of the year (31.03.2019)		-	-	30,974	0.32

Notes:

a. In cases of joint holding, the name of the first holder is considered.

b. The shareholding details given above are based on the legal ownership and not beneficial ownership and are derived on the folio number listing provided by the Registrar and Share Transfer Agent of the Company.

(v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sr. No.	For each of the Directors	Shareholding at the beginning of the year (01.04.2018)		Shareholding at the end of the year (31.03.2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Atul Kirloskar, Chairman	16,35,300	16.84	16,35,300	16.84
2.	Mahesh Chhabria, Managing Director	21,907	0.23	21,907	0.23
3.	Aditi Chirmule, Executive Director	Nil	Nil	Nil	Nil
4.	Nihal Kulkarni	Nil	Nil	5,89,296	6.07
5.	Anil Alawani	2,285	0.02	2,285	0.02
6.	Tejas Deshpande	Nil	Nil	Nil	Nil
7.	Sunil Shah Singh	Nil	Nil	Nil	Nil
8.	D. Sivanandhan	Nil	Nil	Nil	Nil
9.	Vinesh Kumar Jairath *	Nil	Nil	Nil	Nil
10.	Ashit Parekh	Nil	Nil	Nil	Nil
11.	Satish Jamdar**	NA	NA	Nil	Nil
12.	Mrunalini Deshmukh**	NA	NA	Nil	Nil

* Co-opted as Non- Executive Director with effect from 14 June 2018.

** Co-opted as Additional Independent Directors of the Company with effect from 17 May 2018 and subsequently, have been appointed as Independent Directors by the members at the Annual General Meeting held on 11 August 2018.

Notes:

1. There is no purchase or sale of shares by Directors during the year.

2. NA represents Not Applicable.

Shareholding of Key Managerial Personnel (KMP):

Sr. No.	For each of the KMP	Shareholding at the beginning of the year (01.04.2018)		Shareholding at the end of the year (31.03.2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mahesh Chhabria, Managing Director	21,907	0.23	21,907	0.23
2.	Aditi Chirmule, Executive Director	Nil	Nil	Nil	Nil
3.	Jasvandi Deosthale, Chief Financial Officer	Nil	Nil	Nil	Nil
4.	Ashwini Mali, Company Secretary	Nil	Nil	Nil	Nil

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding / accrued but not due for payment: None

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. REMUNERATION OF MANAGING DIRECTOR, WHOLE-TIME DIRECTOR AND / OR MANAGER:

Amount in (₹)

Sr. No.	Particulars of Remuneration	Name of Managing Director / Whole-Time Director / Manager		Total amount
		Mahesh Chhabria, Managing Director	Aditi Chirmule, Executive Director	
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	1,91,45,913	69,23,510	2,60,69,423
	b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	3,33,780	21,600	3,55,380
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Refer Note 1	Refer Note 1	
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	1,10,00,000	20,00,000	1,30,00,000
5.	Others, please specify	Nil	Nil	Nil
	Total	3,04,79,693	89,45,110	3,94,24,803
	Ceiling as per the Companies Act, 2013, excluding remuneration			5,37,08,848

Note:

1. Details of stock option granted and vested to Mr. Mahesh Chhabria, Managing Director and Ms. Aditi Chirmule, Executive Director of the Company under KIL ESOP 2017, are as follows:

Sr. No.	Particulars	Mahesh Chhabria, Managing Director	Aditi Chirmule, Executive Director
1.	Options granted	1,90,000	48,540
2.	Options vested	95,000	16,180

2. A proposal for payment of managerial remuneration in respect of any financial year which may exceed 5% of the net profits of the Company to any one managing director or whole-time director or manager and / or which may exceed 10% of the net profits of the Company, if there is more than one such director, to all such directors and manager taken together, and / or which may exceed overall limit of 11% of the net profits of the Company computed in the manner laid down in Section 198 of the Act, payable to all the Directors by the Company, as the Board may decide from time to time, is being placed before the members at the ensuing Annual General Meeting, as approved by the Board on the recommendation of the Nomination and Remuneration Committee.

B. REMUNERATION TO OTHER DIRECTORS:

Amount in (₹)

Sr. No.	Name of Director	Particulars of remuneration			Total Amount
		Fees for attending board / committee meetings	Commission	Others, please specify	
1.	**Independent Director**				
	Tejas Deshpande	3,25,000	3,25,000	Nil	6,50,000
	Sunil Shah Singh	4,65,000	4,65,000	Nil	9,30,000
	D. Sivanandhan	2,60,000	4,60,000	Nil	7,20,000
	Ashit Parekh	2,00,000	4,00,000	Nil	6,00,000
	Satish Jamdar **	3,75,000	4,75,000	Nil	8,50,000
	Mrunalini Deshmukh **	1,20,000	1,20,000	Nil	2,40,000
	Total (1)	**17,45,000**	**22,45,000**	**Nil**	**39,90,000**
2.	**Non-Executive Directors**				
	Atul Kirloskar	2,35,000	2,35,000	Nil	4,70,000
	Anil Alawani	4,65,000	6,60,000	Nil	11,25,000
	Nihal Kulkarni	1,85,000	1,85,000	Nil	3,70,000
	Vinesh Kumar Jairath *	3,50,000	3,50,000	Nil	7,00,000
	Total (2)	**12,35,000**	**14,30,000**	**Nil**	**26,65,000**
	Total (1+2)	**29,80,000**	**36,75,000**	**Nil**	**66,55,000**
	Total Remuneration to Directors				**66,55,000**
	Total Managerial Remuneration, excluding sitting fees				**36,75,000**
	Overall Ceiling as per the Companies Act, 2013, excluding sitting fees				**53,70,885**

* Resigned as an Independent Director and co-opted as an Additional Non-Executive Director of the Company with effect from 14 June 2018 and subsequently, has been appointed as a Non-Executive Director by the members at the Annual General Meeting held on 11 August 2018.

** Co-opted as Additional Independent Directors of the Company with effect from 17 May 2018 and subsequently, have been appointed as Independent Directors by the members at the Annual General Meeting held on 11 August 2018.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR / MANAGER / WHOLE TIME DIRECTOR:

Sr. No.	Particulars of Remuneration	Jasvandi Deosthale, Chief Financial Officer	Ashwini Mali, Company Secretary	Total Amount in (₹)
1.	Gross Salary			
	a. Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	29,80,077	18,14,541	47,94,618
	b. Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	Nil	Nil	Nil
	c. Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Refer Note 1	Refer Note 1	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total	**29,80,077**	**18,14,541**	**47,94,618**

Note:

Details of stock option granted and vested to Mrs. Jasvandi Deosthale, Chief financial Officer and Mrs. Ashwini Mali, Company Secretary of the Company under KIL ESOP 2017, are as follows:

Sr. No.	Particulars	Jasvandi Deosthale, Chief Financial Officer	Ashwini Mali, Company Secretary
1.	Options granted	38,832	24,270
2.	Options vested	12,944	8,090

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

During the year under review, there is no instance of any penalty / punishment / compounding of offence under the Companies Act, 2013, against any Director, Key Managerial Personnel and other Officers in default.

For and on behalf of the Board of Directors

Pune: 16 May 2019

ATUL KIRLOSKAR
CHAIRMAN
DIN 00007387

ANNEXURE III TO THE BOARDS' REPORT

M. J. RISBUD & CO.
Company Secretaries
2, Annapoorna Apartments, Model Colony,
1034 Shivajinagar, Canal Road, Pune - 411 016.
Office - (020) 2565 3979, Resi. - 2565 1897
Fax - 2565 4463, Cell - 98220 10522
E-mail - mjrpcs@dataone.in / mjrpcs@gmail.com

SECRETARIAL AUDIT REPORT

[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 read with Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

To,

The Members of

Kirloskar Industries Limited

Office No. 801, 8th Floor, Cello Platina,

Fergusson College Road, Shivajinagar,

Pune- 411005

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIRLOSKAR INDUSTRIES LIMITED,** (CIN L70100PN1978PLC088972) (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 the Company'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 on 31 March 2019 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 31 March 2019 according to the provisions of:

(i) The Companies Act, 2013, (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956, ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) 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; [No incidence during the audit period, hence not applicable]

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - [No incidence during the audit period, hence not applicable]

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - [No incidence during the audit period, hence not applicable]

(f) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993, regarding the compliance of the Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - [No incidence during the audit period, hence not applicable]

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - [No incidence during the audit period, hence not applicable]

(vi) No other law is applicable specifically to the Company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) The agreement entered into by the Company with the BSE Limited and National Stock Exchange Limited, as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

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 The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 the decisions in the Board Meetings were taken unanimously during the audit period.

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 applicable Laws, Rules, Regulations and Guidelines.

I **further report that,** during the audit period there is no event / action having a major bearing on the Company's affairs.

Sd/-
Mahesh J. Risbud
Practicing Company Secretary
FCS No.: 810
C P No.: 185
UCN : S1981MH000400

Date: 16 May 2019
Place: Pune

ANNEXURE IV TO THE BOARDS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 (1) of the Companies (CSR Policy) Rules, 2014)

1. **A brief outline of the Company's Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**
   Corporate Social Responsibility (CSR) activities are based on the CSR Policy. The Company's main focus is on education, environment and health.
   CSR policy is available on the website of the Company, viz., www.kil.net.in.
2. **Corporate Social Responsibility (CSR) Committee:**
   A. **The Composition of the CSR Committee:**
      a. Mr. Anil Alawani, Chairman
      b. Ms. Aditi Chirmule, Executive Director
      c. Mr. Sunil Shah Singh, Independent Director
   B. **Number of Meetings:**
      During the year under review, two Meetings of the CSR Committee were held.
3. **Average net profit of the Company for last three Financial Years: ₹ 3,030.14 Lakhs**
4. **Prescribed CSR Expenditure (two percentage of the amount as in item 3 above): ₹ 60.60 Lakhs**
5. **Details of CSR spent during the Financial Year:**
   (a) Total amount to be spent for the Financial Year: ₹ 60.60 Lakhs
   (b) Amount unspent, if any: Nil
   (c) Manner in which the amount spent during the Financial Year is detailed below:

(₹ in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programme (1) local area or other (2) specify the State and District where project or programme was undertaken**	**Amount outlay (budget) project or program wise**	**Amount spent on the projects or programme sub heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent direct or through implementing agency**
1	Madhavi Kapur Foundation – Aman Setu – My School Project	Promoting Education	District – Pune, Maharashtra	77.42	63.50	63.50	63.50 – through Madhavi Kapur Foundation
	Total			77.42	63.50	63.50	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Boards' Report: NA
7. The CSR Committee has hereby confirmed that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and Policy of the Company.

Sd/-
Aditi Chirmule
Executive Director
DIN 01138984

Sd/-
Anil Alawani
Chairman
CSR Committee
DIN 00036153

ANNEXURE V TO THE BOARDS' REPORT

INFORMATION FORMING PART OF THE BOARDS' REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

Sr. No.	Information required		
i.	The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year	**Name of Director**	**Ratio**
		Atul Kirloskar, Chairman	0.31
		Mahesh Chhabria, Managing Director	20.31
		Aditi Chirmule, Executive Director	5.96
		Nihal Kulkarni	0.25
		Anil Alawani	0.75
		Tejas Deshpande	0.43
		Sunil Shah Singh	0.62
		D. Sivanandhan	0.48
		Vinesh Kumar Jairath	0.47
		Ashit Parekh	0.40
		Satish Jamdar	0.57
		Mrunalini Deshmukh	0.16
ii.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	**Name of Director / Chief Financial Officer / Company Secretary**	**Percentage Increase / (decrease) in the Remuneration**
		Atul Kirloskar, Chairman	(16.40)
		Mahesh Chhabria, Managing Director	20.50
		Aditi Chirmule, Executive Director	15.10
		Nihal Kulkarni	(50.70)
		Anil Alawani	13.60
		Tejas Deshpande	(18.80)
		Sunil Shah Singh	(5.80)
		D. Sivanandhan	0.30
		Vinesh Kumar Jairath	(30.30)
		Ashit Parekh	33.30
		Satish Jamdar	NA
		Mrunalini Deshmukh	NA
		Jasvandi Deosthale	7.30
		Ashwini Mali	25.10
iii.	The percentage increase in the median remuneration of employees in the financial year		Nil
iv.	The number of permanent employees on the rolls of Company	18 including Managing Director and Executive Director	

Sr. No.	Information required	
v.	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 increases in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	21.83% (on annualised basis) 0.18% (on annualised basis) There are no exceptional circumstances for increase in the managerial remuneration.
vi.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	The Board affirms that the remuneration is as per the Nomination and Remuneration Policy of the Company.
vii.	Statement showing the name of top ten employees in terms of remuneration drawn and the name of every employee, who (i). if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two Lakh rupees; (ii). if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight Lakh and fifty thousand rupees per month; (iii).if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	Refer Annexure A

Sr. No.	Information required	
	It shall also indicate: (i). Destination of the employee; (ii). remuneration received; (iii). nature of employment, whether contractual or otherwise; (iv). qualifications and experience of the employee; (v). date of commencement of employment; (vi). the age of such employee; (vii). the last employment held by such employee before joining the company; (viii). the percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager.	

Annexure A

Sr. No.	Particulars	
1.	Name and Designation	Mr. Mahesh Chhabria, Managing Director
2.	Remuneration received (in ₹)	₹ 3,04,79,693
3.	Nature of employment, whether contractual or otherwise	Contractual
4.	Qualification	B. Com, ACA
5.	Experience (Years)	31 years
6.	Date of commencement of employment	04.07.2017
7.	Age	55 years
8.	Last employment before joining the Company	Designation: Partner Name of the Company: Actis Advisers Pvt. Ltd.
9.	The percentage of equity shares held	0.22%
10.	whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director	No

For and on behalf of the Board of Directors

ATUL KIRLOSKAR
CHAIRMAN
DIN 00007387

Pune: 16 May 2019


KAIROS

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations) read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, (the Amendment Regulations)]

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

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner towards fulfilling the corporate objectives and to meet the obligations and best subserve the interest of its stakeholders. This philosophy has been strengthened by adoption of a Code of Conduct for Board of Directors and Senior Management, Code of conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and immediate relatives of Designated Persons of the Company and also re-enforcing our commitment towards Corporate Sustainability.

2. BOARD OF DIRECTORS:

c. Composition of the Board:

The Board of Directors comprises twelve Directors as on 31 March 2019.

The Composition of the Board is as under:

Category of Directors	No. of Directors
Executive	2
Non-Executive and Independent	6
Non-Executive and Non-Independent	4
Total	**12**

b. Number of Board Meetings:

During the Financial Year under review, 5 meetings of the Board of Directors were held on 17 May 2018, 14 June 2018, 11 August 2018, 25 October 2018 and 22 January 2019.

c. Directors' attendance record and directorships held:

The information on composition of the Board, category of Directors, attendance of each Director at Board Meetings held during the Financial Year 2018-19 and the Annual General Meeting (AGM) held on 11 August 2018, Directorships and Committee positions in other public companies of which the Director is a Member / Chairman / Chairperson, the shareholding of Non-Executive Directors (Refer Table A) and the names of the listed entities in which the Directors hold directorship and category thereof (Refer Table B), as at 31 March 2019, is as follows:

Table A:

Sr. No.	Category of Director and Name of Director	Number of shares held by Non-Executive Directors	Number of Directorships held in other public limited companies *	Number of Committee positions held in other public limited companies **		Attendance at Meetings	
				Chairman / Chairperson	Member	Board	AGM
	Managing Director / Executive Director						
1.	Mahesh Chhabria	NA	6	1	2	5	Present
2.	Aditi Chirmule	NA	Nil	Nil	Nil	5	Present
	Non-Executive and Non-Independent Directors						
3.	Atul Kirloskar ***	16,35,300	4	1	Nil	4	Present
4.	Nihal Kulkarni ***	5,89,296	4	Nil	1	4	Present
5.	Anil Alawani	2,285	1	Nil	2	5	Present
6.	Vinesh Kumar Jairath #	Nil	9	2	6	5	Present
	Non-Executive and Independent Director						
7.	Tejas Deshpande	Nil	Nil	Nil	Nil	5	Present
8.	Sunil Shah Singh	Nil	3	2	1	5	Present
9.	D. Sivanandhan	Nil	6	2	4	4	Present
10.	Ashit Parekh	Nil	Nil	Nil	Nil	5	Present
11.	Satish Jamdar ##	Nil	1	Nil	1	5	Present
12.	Mrunalini Deshmukh ##	Nil	3	Nil	Nil	3	Present

* Excludes directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

** For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee are considered as per Regulation 26 (1) (b) of the Regulations.

*** Deemed as Promoters within the meaning of the Securities and Exchange Board of India (SEBI) (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

\# Resigned as an Independent Director and co-opted as an Additional Non-Executive Director with effect from 14 June 2018 and appointed in the Annual General Meeting held on 11 August 2018.

\## Co-opted as Additional Independent Directors with effect from 17 May 2018 and appointed in the Annual General Meeting held on 11 August 2018.

Notes:

1. None of the Directors on the Board is a member of more than ten Committees and Chairperson of more than five Committees in all public limited companies whether listed or not, in which he is a director. All the Directors have made the requisite disclosures regarding committee positions held by them in other public limited companies.
2. As on 31 March 2019, none of the current Directors are related to each other within the meaning of Section 2 (77) of the Companies Act, 2013 and Rules thereof.

Table B:

Name of Director	Name of the other listed entities in which Director holds Directorship	Category of Directorship
Managing Director / Executive Director		
Mahesh Chhabria	1. Deepak Fertilisers and Petrochemicals Corporation Limited	Independent and Non-Executive
	2. Kirloskar Ferrous Industries Limited	Non-Independent and Non-Executive
	3. Kirloskar Oil Engines Limited	Non-Independent and Non-Executive
	4. Tube Investments of India Limited	Independent and Non-Executive
Aditi Chirmule	Nil	Nil
Non-Executive and Non-Independent Directors		
Atul Kirloskar	1. Kirloskar Oil Engines Limited	Executive Chairman
	2. Kirloskar Ferrous Industries Limited	Chairman, Non-Independent and Non-Executive
	3. Kirloskar Pneumatic Company Limited	Non-Independent and Non-Executive
Nihal Kulkarni	1. Kirloskar Oil Engines Limited	Managing Director
	2. G. G. Dandekar Machine Works Limited	Chairman, Non-Independent and Non-Executive
Anil Alawani	1. Kirloskar Ferrous Industries Limited	Non-Independent and Non-Executive
Vinesh Kumar Jairath	1. The Bombay Dyeing and Manufacturing Company Limited	Independent and Non-Executive
	2. Wockhardt Limited	Independent and Non-Executive
	3. Tata Motors Limited	Independent and Non-Executive
	4. Kirloskar Oil Engines Limited	Independent and Non-Executive
	5. Bombay Burmah Trading Corporation Limited	Additional Independent and Non-Executive

Name of Director	Name of the other listed entities in which Director holds Directorship	Category of Directorship
Non-Executive and Independent Director		
Tejas Deshpande	Nil	Nil
Sunil Shah Singh	1. Kirloskar Oil Engines Limited	Independent and Non-Executive
	2. Kirloskar Pneumatic Company Limited	Independent and Non-Executive
	3. ITD Cementation India Limited	Independent and Non-Executive
D. Sivanandhan	1. United Spirits Limited	Independent and Non-Executive
	2. Forbes and Company Limited	Independent and Non-Executive
	3. RBL Bank Limited	Independent and Non-Executive
Ashit Parekh	Nil	Nil
Satish Jamdar	1. Kirloskar Oil Engines Limited	Independent and Non-Executive
Mrunalini Deshmukh	1. Kirloskar Oil Engines Limited	Independent and Non-Executive
	2. Talwalkars Better Value Fitness Limited	Independent and Non-Executive

Note:

1. None of the Directors on the Board is a Director of more than eight listed entities nor is any Independent Director, an ID of more than seven listed entities as at 31 March 2019.

b. Meeting of Independent Directors:

The meeting of Independent Directors was held on Tuesday, 22 January 2019 to discuss, *inter alia*:

(a). the performance of Non-Independent Directors and the Board as a whole;

(b). the performance of the Chairman of the Company, taking into account the views of the Managing Director, the Executive Director and Non-Executive Directors;

(c). the quality, quantity and timeliness of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform their duties.

e. Familiarisation program for Independent Directors:

Independent Directors of the Company are made aware of their role, rights and responsibilities at the time of their appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement. Further copies of 'Code of Conduct for the Board of Directors and Senior Management of the Company', 'Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and immediate relatives of Designated Persons of the Company', 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of the Company' (Code of Conducts) and Policies adopted by the Board as per regulatory provisions are made available to Independent Directors at the time of joining.

All Board Members are made aware of all the latest applicable legal, regulatory and business developments / updates, by way of presentations where Directors have an opportunity to interact with Key Management Personnel. Presentations cover, *inter alia,* includes quarterly and annual results, budgets, review of internal audit report, information on business performance, operations, financial parameters, senior management change, major litigations, compliances, risk management and regulatory scenarios and such other areas as may arise from time to time.

The details of such familiarisation programs have been put on the website of the Company at www.kil.net.in.

f. Code of Conduct:

The Company has laid down a Code of Conduct for all the Board Members and Senior Management Personnel. The Code of Conduct is available on the Company's website, viz., www.kil.net.in.

All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this Report.

g. Information supplied to the Board:

The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive background information to facilitate meaningful discussions and enable the Board to take appropriate decisions. As part of the process of good governance, the agenda also includes the progress on the decisions taken by the Board in its previous meeting(s). A board portal is made available that allows Board of Directors to securely access Board documents and collaborate with other Board members electronically.

The Board also, *inter-alia*, reviews quarterly / half yearly / annual results, the strategy of business, annual operating plan, reports for all laws applicable to the Company, review of major legal cases, minutes of Meetings of Committee of the Board, review of internal control framework and risk management etc. The required information as enumerated in Part A of Schedule II of the Regulations, is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board is also kept informed of major events / items and approvals are taken wherever necessary. As a part of corporate governance the Board Charter has drawn up setting out roles / terms of references and processes of functioning of the Board including Committees of the Board.

h. The table below summarizes core skills / expertise / competencies identified by the Board of Directros as requried and available with the Board in the context of business of the Company for its effective functioning is as follows:

Sr. No.	Core Skills / Expertise / Competencies
1	Strategy
2	Risks
3	Finance
4	Legal
5	Security systems
6	Corporate restructuring
7	Infrastructure planning and development

i. Confirmation on declarations given by Independent Directors:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Regulations.

The Board of Directors, after due assessment of veracity of the declarations received from the Independent Directors to the extent possible, confirms that, Independent Directors fulfill the conditions specified in the Regulations 25(8) of the Regulations and they are independent of the management.

j. Reasons for the resignation of independent directors during the Financial Year 2018-19, if any:

Mr. Vinesh Kumar Jairath resigned as an Independent Director with effect from 14 June 2018, as the Board was to consider his appointment as Advisor to the Company, in its meeting held on 14 June 2018.

3. AUDIT COMMITTEE:

a. Composition:

The Audit Committee (the Committee) comprises six Non-Executive Directors, out of which four are Independent Directors.

During the Financial Year under review, five meetings of the Committee were held on 17 May 2018, 14 June 2018, 11 August 2018, 25 October 2018 and 22 January 2019.

The Composition of the Committee and attendance at its meeting is given below:

Sr. No.	Name of the Member Director	Category of directorship	Number of meetings attended
1.	Sunil Shah Singh (Chairman)	Non-Executive and Independent	5
2.	Tejas Deshpande	Non-Executive and Independent	5
3.	D. Sivanandhan	Non-Executive and Independent	4
4.	Satish Jamdar*	Non-Executive and Independent	4
5.	Vinesh Kumar Jairath	Non-Executive and Non-Independent	5
6.	Nihal Kulkarni **	Non-Executive and Non-Independent	1
7.	Anil Alawani	Non-Executive and Non-Independent	5

* Appointed as a member of the Committee with effect from 14 June 2018.

** Resigned as a member of the Committee with effect from 14 June 2018.

The Company Secretary acts as the Secretary of the Committee. The Managing Director, the Executive Director and the Chief Financial Officer attend the Committee meetings. The representatives of the Statutory Auditors and the Internal Auditors are invited to the meetings.

Mr. Sunil Shah Singh, Chairman of the Committee, was present at the Annual General Meeting of the Company held on Saturday, 11 August 2018.

b. Terms of reference:

The terms of reference of the Committee include, the matters specified under Regulation 18 (3) read with Part C of Schedule II of the Regulations as well as those specified in Section 177 of the Companies

Act, 2013 and *inter alia* includes the following:

1. Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that, the Financial Statement is correct, sufficient and credible.

2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.

3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.

4. Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board, for approval, with particular reference to:

   a). matters required to be included in the Directors' Responsibility Statement to be included in the Boards' Report in terms of Clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013;

   b). changes, if any, in accounting policies and practices and reasons for the same;

   c). major accounting entries involving estimates based on the exercise of judgment by the management;

   d). significant adjustments made in the Financial Statements arising out of audit findings;

   e). compliance with listing and other legal requirements relating to Financial Statements;

   f). disclosure of any related party transactions;

   g). modified opinion(s) in the draft Audit Report.

5. Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval.

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

7. Reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process.

8. Approval or any subsequent modification of transactions of the Company with related parties.

9. Scrutiny of inter-corporate loans and investments.

10. Valuation of undertakings or assets of the Company, wherever it is necessary.

11. Evaluation of internal financial controls and risk management systems.

12. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

14. Discussion with Internal Auditors of any significant findings and follow up thereon.

15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

16. Discussion with Statutory Auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders, (in case of non-payment of declared dividends) and creditors.

18. Reviewing the functioning of the Whistle-Blower Mechanism.

19. Approval of appointment of Chief Financial Officer after accessing the qualifications, experience and background, etc. of the candidate.

20. Mandatorily reviewing the following information:

    A. management discussion and analysis of financial condition and results of operations;

    B. statement of significant related party transactions (as defined by the Committee), submitted by the management;

    C. management letters / letters of internal control weaknesses issued by the Statutory Auditors;

    D. Internal Audit Reports relating to internal control weaknesses;

    E. the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Committee; and

    F. statement of deviations:

        A. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32 (1);

        B. annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32 (7).

21. Carrying out any other function as is mentioned in the terms of reference of Committee.

22. Reviewing the utilization of loans and / or advances from / investments by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

23. Reviewing the compliance with the provisions of Insider Trading Regulations, 2015 and amendments thereof, from time to time, at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

c. Powers of the Audit Committee:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

4. NOMINATION AND REMUNERATION COMMITTEE:

a. Composition:

The Nomination and Remuneration Committee (the Committee) comprises four Non-Executive Directors, out of which two Directors are Independent Directors.

During the Financial Year under review, four meetings of the Committee were held on 17 May 2018 14 June 2018, 25 October 2018 and 22 January 2019.

The composition of the Committee and attendance at its meeting is given below:

Sr. No.	Name of the Member Director	Category of directorship	Number of meetings attended
1.	Satish Jamdar * (Chairman)	Non-Executive and Independent	3
2.	Vinesh Kumar Jairath **	Non-Executive and Independent	1
3.	Sunil Shah Singh	Non-Executive and Independent	4
4.	Atul Kirloskar	Non-Executive and Non-Independent	3
5.	Anil Alawani	Non-Executive and Non-Independent	4

* Appointed as a member and the Chairman of the Committee with effect from 14 June 2018.

** Appointed as an Additional Non-Executive Director of the Company, consequently ceased to be the Chairman and member of the Committee with effect from 14 June 2018

b. Terms of reference:

The terms of reference of the Committee include, the matters specified under Regulation 19 (4) read with Part D of Schedule II of the Regulations, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (SEBI SBEB Regulations) as well as those specified in Section 178 of the Companies Act, 2013 and *inter alia,* includes the following:

i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

ii. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors.

iii. Devising a policy on diversity of Board of Directors.

iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.

v. Whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors.

vi. Formulation of detailed terms and conditions of the schemes under the SEBI SBEB Regulations, as may be amended from time to time.

vii. Recommend to the Board, all remuneration, in whatever form payable to senior management.

c. Criteria for performance evaluation:

The annual evaluation of Directors is made on the following criteria:

i. attendance for the meetings, participation and independence during the meetings;

ii. interaction with Management;

iii. role and accountability of the Board; and

iv. knowledge and proficiency.

5. REMUNERATION TO DIRECTORS:

VI. The Board has on the recommendation of the Nomination and Remuneration Committee (the Committee) adopted the 'Nomination and Remuneration Policy' for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel and their remuneration. The policy is available on the website of the Company, viz., www.kil.net.in.

g. Whole-time Director:

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the Managing Director and the Executive Director. The commission to the Managing Director and the Executive Director is recommended by the Committee on determination of the profits for the Financial Year and based on the performance evaluation of the Managing Director and the Executive Director, also approved by the Board of Directors. The remuneration to the Managing Director and the Executive Director is in accordance with the provisions of the Companies Act, 2013 and Rules thereof.

h. Non-Executive Directors

The members at the Annual General Meeting of the Company held on 2 September 2014, approved the payment of commission to the Non-Executive Directors, not exceeding 1% of the net profits of the Company computed in the manner laid down in Sections 197 and 198 of the Companies Act, 2013.

Upon the recommendation of the Committee and based on the performance evaluation of each of the Non-Executive Directors, the Board of Directors decides the remuneration to them by way of commission.

The Board of Directors in its meeting held on 29 September 2017, revised the sitting fees payable to the Directors for the Board and Committee meetings. The sitting fee of ₹ 40,000 per meeting of the Board, ₹ 25,000 per meeting of the Audit Committee and Nomination and Remuneration Committee, ₹ 10,000 per meeting of the Corporate Social Responsibility Committee and Stakeholders' Relationship Committee, attended by the Non-Executive Directors is payable to them.

Details of the remuneration paid to Directors during Financial Year 2018-19:

(Amount in ₹)

Sr. No.	Name of Director	Basic Salary	Allowances	Perquisites and Other Benefits	Sitting Fees	Commission	Total
	Managing Director / Executive Director						
1.	Mahesh Chhabria	1,20,00,000	24,00,000	50,79,693	NA	1,10,00,000	3,04,79,693
2.	Aditi Chirmule	40,26,774	--	29,18,336	NA	20,00,000	89,45,110
	Non-Executive Director						
3.	Atul Kirloskar	-	-	-	2,35,000	2,35,000	4,70,000
4.	Nihal Kulkarni	-	-	-	1,85,000	1,85,000	3,70,000
5.	Anil Alawani	-	-	-	4,65,000	6,60,000	11,25,000
6.	Sunil Shah Singh	-	-	-	4,65,000	4,65,000	9,30,000
7.	Tejas Deshpande	-	-	-	3,25,000	3,25,000	6,50,000
8.	D. Sivanandhan	-	-	-	2,60,000	4,60,000	7,20,000
9.	Vinesh Kumar Jairath #	-	-	-	3,50,000	3,50,000	7,00,000
10.	Ashit Parekh	-	-	-	2,00,000	4,00,000	6,00,000
11.	Satish Jamdar ##	-	-	-	3,75,000	4,75,000	8,50,000
12.	Mrunalini Deshmukh ##	-	-	-	1,20,000	1,20,000	2,40,000
	TOTAL	**1,60,26,774**	**24,00,000**	**79,98,029**	**29,80,000**	**1,66,75,000**	**4,60,79,803**

Note:

- Perquisites include leave travel assistance, reimbursement of medical expenses, term insurance premium, contributions to provident fund and superannuation fund, provision for gratuity and leave encashment and perquisite value as per Income-tax Rules for motorcar.

Resigned as an Independent Director and co-opted as an Additional Non-Executive Director with effect from 14 June 2018 and appointed in the Annual General Meeting held on 11 August 2018.

Co-opted as Additional Independent Directors with effect from 17 May 2018 and appointed in the Annual General Meeting held on 11 August 2018.

ii. Employee Stock Options granted / vested to the Managing Director / the Executive Director and the Non-Executive Director during the Financial Year 2018-19 under Kirloskar Industries Limited - Employee Stock Option Plan 2017 (KIL ESOP 2017)

3. During the year 2018-19, the Company has granted 1,06,000 stock options on 25 October 2018, to the Managing Director and Non-Executive Director of the Company, pursuant to the Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017) at an exercise price of ₹ 900 per equity share. The said shares shall vest at the end of the year from the date of the options granted.
4. During the year 2017-18, Ms. Aditi Chirmule, Executive Director of the Company was granted 48,540 options as on 1 November 2017, pursuant to the KIL ESOP 2017, at an exercise price of ₹ 900 per equity share. The said shares shall vest as follows:
   a. At the end of first year from the grant date: 1/3rd of total options granted;
   b. At the end of second year from the grant date: 1/3rd of total options granted;
   c. At the end of third year from the grant date: 1/3rd of total options granted.

The first vesting is exercisable within a period of three years from the date of vesting.

During the year, the Company has vested stock options to the Managing Director and the Executive Director.

The following is the summary of options granted / vested to the Managing Director / the Executive Director and Non-Executive Director of the Company:

Sr. No.	Particulars	No. of shares		
		Mr. Mahesh Chhabria, Managing Director	Ms. Aditi Chirmule, Executive Director	Mr. Vinesh Kumar Jairath, Non-Executive Director
1	Options granted	1,90,000	48,540	11,000
2	Options vested	95,000	16,180	Nil
3	Options cancelled	Nil	Nil	Nil
4	Options lapsed	Nil	Nil	Nil
5	Options exercised	Nil	Nil	Nil

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

a. Composition:

The nomenclature of Share Transfers cum Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee has been changed to Stakeholders' Relationship Committee (the Committee).

The Committee comprises three Directors, viz., Mr. Anil Alawani, Non-Independent Director, Ms. Aditi Chirmule, Executive Director and Mr. Sunil Shah Singh, Independent Director. Mr. Anil Alawani acts as a Chairman of the Committee.

During the Financial Year under review, two Committee meetings were held on 25 October 2018 and 22 January 2019. All the Committee members attended the said meetings.

Mrs. Ashwini Mali, Company Secretary is the Compliance Officer.

The Compliance Officer can be contacted at:

Kirloskar Industries Limited
Office No. 801, 8th Floor, Cello Platina,
Fergusson College Road, Shivajinagar,
Pune 411 005
Tel.: +91(20) 2970 4374; Fax: +91(20) 2970 4374
E-mail: Ashwini.Mali@kirloskar.com

The Company has designated exclusive email id for the investors as investorrelations@kirloskar.com to register their grievances, if any. The Company has displayed the said email id on its website for the use of investors.

b. Terms of reference:

3. Resolving the grievances of security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual reports, non-receipts of declared dividends, issue of new / duplicate share certificates, general meetings, etc.
4. Review of measures taken for effective exercise of voting rights by shareholders.
5. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent of the Company.
6. Review of various measures and initiatives taken by the Company for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by shareholders of the Company.

The total number of complaints received and redressed during the year ended 31 March 2019, were 7 and 2 complaints were pending as on 31 March 2019, which were resolved on 11 April 2019

The Company had no share transfer requests pending as on 31 March 2019.

7. DETAILS OF GENERAL BODY MEETINGS:

I. The details of General Meetings of the members, held during previous 3 years are as under:

Financial Year	Date	Time	Type of Meeting	Venue	Special Resolutions passed
2017-18	11 August 2018	11.30 a.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	1. Maintenance of Registers, copies of Returns etc. at a place other than Registered Office of the Company. 2. Approval for extension of exercise period under Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017).
2016-17	28 August 2017	11.00 a.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	Approval to the introduction and implementation of Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017) and authorising the Board of Directors of the Company to create, offer and grant from time to time, in one or more tranches, not exceeding 4,85,000 equity shares of ₹ 10 each as an Employee Stock Options.
2015-16	11 August 2016	11.30 a.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	-

II. RESOLUTIONS PASSED BY POSTAL BALLOT

No special resolutions passed at the above Annual General Meetings were required to be passed through postal ballot.

8. MEANS OF COMMUNICATION:

a. Quarterly results:

The quarterly and half yearly results are published in national and local dailies, viz., Financial Express (English) and Loksatta (Marathi), having wide circulation. Since the results of the Company are published in the newspapers, half yearly reports are not sent individually to the members.

The financial results and official news releases of the Company are also displayed on the website of the Company, viz., www.kil.net.in.

b. The NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance and Listing Centre (the 'Listing Centre of BSE'):

The NEAPS and the Listing Centre of BSE are web-based application designed by NSE and BSE, respectively, for corporates. All periodicals compliance filings like shareholding pattern, corporate governance report, quarterly results, etc., are filed electronically on NEAPS and the Listing Centre of BSE.

c. The Management Discussion and Analysis Report forms part of the Annual Report.

9. GENERAL INFORMATION FOR MEMBERS:

a. Annual General Meeting:

Corporate Identification Number (CIN)	L70100PN1978PLC088972
Annual General Meeting	Date and Day : Thursday, 8 August 2019 Time : 2.00 p.m. Venue : S. M. Joshi Socialist Foundation, (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030
Book Closure	Friday, 2 August 2019 to Thursday, 8 August 2019 (both days inclusive)
Dividend Payment Date	On or before 19 August 2019
Last date of receipt of proxy forms	Tuesday, 6 August 2019
Financial Year 2018-19	During the year, the financial results were announced as under: First quarter : 11 August 2018 Second quarter : 25 October 2018 Third quarter : 22 January 2019 Annual : 16 May 2019
International Security Identification Number (ISIN)	INE 250A01039
BSE Limited (BSE)	500243
National Stock Exchange of India Limited (NSE)	KIRLOSIND
Payment of annual listing fees	The annual listing fees have been paid to BSE and NSE.
Designated email address for investor services	investorrelations@kirloskar.com

b. Shareholding Pattern as on 31 March 2019:

Sr. No.	Category	No. of shares	% of Shareholding
1.	Promoters	70,98,178	73.11
2.	Mutual Funds / UTI	2,725	0.03
3.	Banks / Financial Institutions and Insurance Companies	4,39,396	4.53
4.	Other Bodies Corporates	74,167	0.76
5.	Foreign Institutional Investors	125	0.00
6.	Foreign Portfolio Investors	9,61,205	9.90
7.	Clearing Members	3,430	0.04
8.	NRI	23,501	0.24
9.	Trusts	2,236	0.02
10.	Foreign Nationals	88	0.00
11.	Hindu Undivided Family	50,522	0.52
12.	Government Companies	55	0.00
13.	General Public	10,12,993	10.44
14.	IEPF	38,738	0.40
15.	NBFCs registered with RBI	1,260	0.01
	TOTAL	**97,08,619**	**100.00**

c. Distribution of Shareholding as on 31 March 2019:

Shareholding of nominal value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In ₹	% to Total
(1)		(2)	(3)	(4)	(5)
Up to	5,000	16,400	97.84	52,56,280	5.41
5,001	10,000	191	1.14	13,94,280	1.44
10,001	20,000	77	0.46	10,73,580	1.11
20,001	30,000	37	0.22	9,25,400	0.95
30,001	40,000	10	0.06	3,50,570	0.36
40,001	50,000	8	0.05	3,66,340	0.38
50,001	1,00,000	18	0.11	12,25,370	1.26
1,00,001 and above		20	0.12	8,64,94,370	89.09
TOTAL			**100.00**	**9,70,86,190**	**100.00**

Dematerialisation of shares and liquidity (as on 31 March 2019)	95,75,973
Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any convertible instruments.

Commodity price risk or foreign exchange risk and hedging activities:

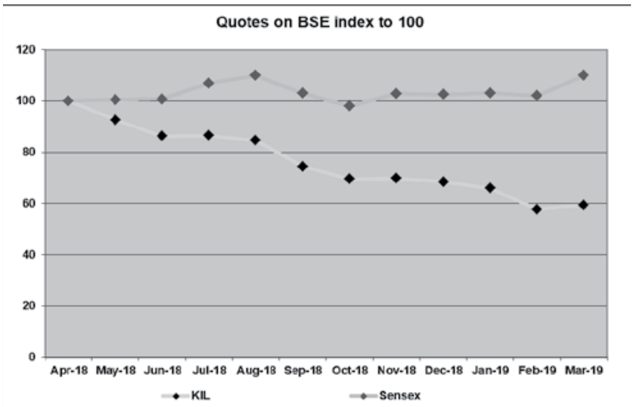
Not applicable, since the Company does not procure any commodities or have any forex inflows or outflows.

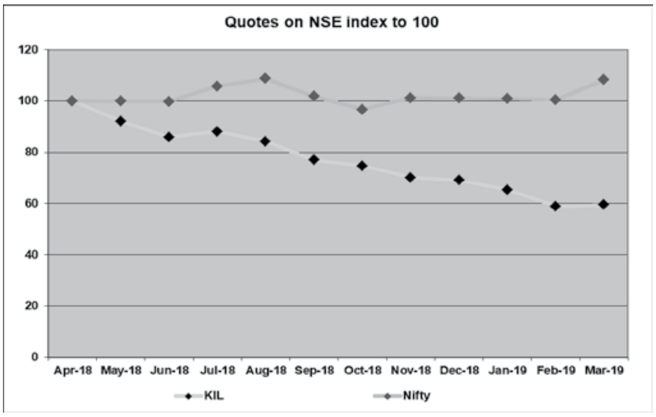
d. Market Price Data:

Monthly high / low during the year 2018-19, on the BSE and NSE are as under:

Stock Exchange	BSE		NSE	
Month	**High (₹)**	**Low (₹)**	**High (₹)**	**Low (₹)**
April 2018	1,344.70	1,186.20	1,360.90	1,126.00
May 2018	1,380.00	1,159.00	1,344.00	1,181.00
June 2018	1,262.90	1,099.95	1,257.75	1,101.00
July 2018	1,187.90	1,050.00	1,194.85	1,041.00
August 2018	1,192.50	1,062.00	1,195.00	1,071.25
September 2018	1,138.00	921.00	1,169.90	962.00
October 2018	1,041.95	881.00	1,071.00	882.15
November 2018	1,043.95	870.00	1,040.00	872.20
December 2018	935.00	851.00	939.95	843.60
January 2019	970.00	820.00	919.85	803.60
February 2019	879.95	745.10	856.05	745.50
March 2019	870.00	765.00	847.00	756.60

e. Performance of monthly close price of the Company's scrip on the BSE and NSE as compared to the monthly close S&P Sensex and S&P CNX Nifty for the year 2018-19:





f. Registrar and Share Transfer Agent (the R&T Agent):

The contact details of Registrar and Share Transfer Agent (the R&T Agent) are as follows:

Link Intime India Private Limited	'Akshay' Complex, Block No. 202, 2nd Floor, Off. Dhole Patil Road, Pune 411 001 Tel.: (020) 2616 1629 / 2616 0084 Email: pune@linkintime.co.in

g. Share Transfer System:

a). The requests for effecting transfer of securities (except in case of transmission or transposition of securities) will not be permitted unless the securities are held in the dematerialised form with a depository after 31 March 2019, as per SEBI Notification LIST/COMP/15/2018-19 dated 5 July 2018, read with SEBI press release 51/2018 dated 3 December 2018. However, there is no restriction on transmission / transposition of securities held in physical form.

During the year under review, applications for transfer of shares in physical forms are processed by the Registrar and Share Transfer Agent of the Company and are returned after registration of transfer with 15 days from the date of the receipt, subject to the validity of all documents lodged with the Company. The transfer applications are approved at regular interval.

b). Pursuant to Regulation 40 (9) of the Regulations, a certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.

h. List of all credit ratings obtained by the Company during the financial year:

Not applicable..

i. Member References:

- **Permanent Account Number (PAN):**

  As per SEBI's guidelines and as informed from time to time by the Company, members who continue to hold shares in the physical form shall furnish a copy of PAN Card in the following cases:

  a) Transferees' and Transferors' PAN Cards for transfer of shares,

  b) Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,

  c) Legal heirs' PAN Cards for transmission of shares,

  d) Joint holders' PAN Cards for transposition of shares.

- **Email Address:**

  In order to enable us to further extend our support towards paperless compliance as a part of Green Initiative in the Corporate Governance, which was introduced by the Ministry of Corporate Affairs (MCA) in the year 2011, the members who have not registered their email addresses, so far, are requested to register their email addresses.

  Members who continue to hold shares in physical form are requested to register their email addresses with the Company / the Registrar and Share Transfer Agent (the R & T Agent) and with the Depository Participants (DPs) in case of shares held in dematerialised form.

- **Dematerialisation of shares:**

  As communicated by the Company from time to time, members who hold shares in physical form are requested to dematerialise their shares through any of the nearest Depository Participants (DPs), to be able to transfer the shares.

  Further, dematerialisation of shares avoids hassles involved with physical shares such as possibility of loss / mutilation of share certificate(s) and to ensure safe and speedy transaction in securities.

- **Register Your National Electronic Clearing Services (NECS) Mandate:**

  The Reserve Bank of India (RBI) has initiated NECS for credit of dividend directly to the bank account of members. Members holding shares in electronic mode are requested to register their latest bank account details with their DP and in physical form with the Company's Registrar and Share Transfer Agent.

10. OTHER DISCLOSURES:

The Company has complied with the other disclosure requirements of Regulation 34 (3) read with Schedule V of the Regulations.

i. Related Party Transactions:

During the Financial Year under review, there was no materially significant related party transaction made by the Company as defined in Regulation 23 of the Regulations that may have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in Note 42 to the Financial Statements in the Annual Report.

Transactions of the Company with the promoter / promoter group(s) which hold(s) 10% or more shareholding in the Company are as follows:

₹ in lakhs

Sr. No.	Name of the promoter / promoter group(s)	Nature of relationship	Nature of transac-tions	2018-19		2017-2018	
				Transaction value	Outstanding amount carried in balance sheet	Transaction value	Outstanding amount carried in balance sheet
1	Atul Kirloskar	Promoter	Dividend	3,43,40,775	-	3,27,05,500	-
2	Rahul Kirloskar	Promoter	Dividend	3,40,50,639	-	3,24,29,180	-
3	Gautam Kulkarni	Promoter	Dividend	NA	-	3,26,07,720	-
4	Jyotsna Kulkarni*	Promoter	Dividend	4,95,00,864	-	1,45,35,960	-

* 16,30,386 equity shares of Mr. Gautam Kulkarni transmitted to Mrs. Jystna Kulkarni 20 December 2017, on account of his demise on 20 September 2017.

ii. Details of capital market non-compliance, if any:

There have been no instances of non-compliances by the Company on any matters related to capital markets, during the last three years. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, the Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to capital markets.

iii. Whistle Blower Policy / Vigil Mechanism:

The Board of Directors has adopted a Whistle Blower Policy / Vigil Mechanism ('the Policy'). This Policy has provided a mechanism for Directors and employees of the Company and other persons dealing with the Company to report genuine concerns including but not limited to unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct for Board of Directors and Senior Management (the Code) or ethics policy or leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations any other instance, to the Chairman of the Audit Committee. The Policy has also been uploaded at the website of the Company, viz., www.kil.net.in.

iv. Policy for determining 'material' subsidiaries:

As required under Regulation 16 (1) (c) of the Regulations, the Company has a policy for determining 'material' subsidiaries, which has been put on the website of the Company, viz., www.kil.net.in.

v. Related Party Transactions Policy:

As required under Regulation 23 (1) of the Regulations, the Company has a Policy on Materiality Related Party Transactions and dealing with Related Party Transactions which has been put on the website of the Company, viz., www.kil.net.in.

vi. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of the Regulations.

vii. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):

Not applicable.

viii. A certificate from Mr. Mahesh Risbud, Practising Company Secretary confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority, has been obtained.

ix. Recommendations given by the Committees of the Board:

During the year under review, the Board has accepted all the recommendations given by the Committees of the Board, which are mandatorily required.

x. Statement of fees paid by the Company along with its subsidiary company to Statutory Auditors:

During the Financial Year 2018-19, the Company has paid the statutory fees, certification fees and other services to the Statutory Auditors. The details of fees paid are disclosed in Note 34 forming part of the Financial Statement.

xi. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013:

Number of Complaints pending at the beginning of financial year	Nil
Number of Complaints filed during the financial year	Nil
Number of Complaints disposed of during the financial year	Nil
Number of Complaints pending at the end of financial year	Nil

11. DISCRETIONARY REQUIREMENTS:

The Company has complied with the mandatory requirements of Regulation 34 (3) read with Schedule V of the Regulations. The extent of adoption of discretionary requirements as per Regulation 27 (1) read with Part E of Schedule II of the Regulations, are as follows:

1. Shareholder Rights:

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation and the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any communication of half yearly performance to the members.

2. Modified opinion in Audit Report:

The Company already is in the regime of un-qualified Financial Statements. There are no modified audit opinions on the Financial Statements of the Company for the year ended 31 March 2019, made by the Statutory Auditors in their Audit Report.

12. OTHER REQUIREMENTS:

1. Disclosure under Schedule VI of the Regulations in respect of unclaimed shares:

Pursuant to SEBI Circular No. CIR/CFD/DIL/10/2010 dated 16 December 2010 and Regulation 39 (4) read with Schedule VI of the Regulations, the Company has sent reminders to those members, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. These share certificates will be sent to eligible members, if these members submit necessary documents to the Company.

In compliance with Clause 5AII-(h), details of unclaimed shares as on 31 March 2019, as follows:

Sr. No.	Particulars	No. of members	No. of Shares
1.	Aggregate number of members and the outstanding shares considered to be transferred to the Unclaimed Suspense Account at the beginning of the year	1,958	34,916
2.	Number of members who approached the Company for transfer of shares from shares considered to be transferred to the Unclaimed Suspense Account	10	1,353
3.	Number of members to whom shares were transferred from shares considered to be transferred to the Unclaimed Suspense Account during the period from 01.04.2018 to 31.03.2019	-	-
4.	Aggregate number of members and the outstanding shares considered to be transferred to the Unclaimed Suspense Account at the end of the year	1,948	33,563

2. Cost Audit Report:

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company was neither required to audit cost records relating to Electricity Industry (Windmills) nor required to maintain cost records in Form CRA -1 for the Financial Year 2018-19. However, the Company has voluntarily maintained cost records relating to Windmills in Form CRA – 1 for the Financial Year 2018-19.

13. PARTICULARS OF APPOINTMENT / RE-APPOINTMENT OF DIRECTORS:

The brief resume and other details relating to the Director who is proposed to be re-appointed, as required to be disclosed under Regulation 36 (3) of the Regulations, forms part of the Statement setting out material facts annexed to the Notice of the Annual General Meeting.

14. LOCATION OF WINDMILLS:

7 Windmills owned by the Company are located at Tirade Village, Tal. Akole, Dist. Ahmednagar.

15. ADDRESS FOR CORRESPONDENCE:

Members' correspondence should be addressed to Link Intime India Private Limited, the Registrar and Share Transfer Agent, at the address mentioned above. Members can also email their queries / grievances at investorrelations@kirloskar.com.

16. CEO / CFO CERTIFICATION:

The CEO / CFO Certificate signed by Mr. Mahesh Chhabria, Managing Director and Mrs. Jasvandi Deosthale, Chief Financial Officer of the Company, was placed before the meeting of the Board of Directors held on 2 April 2019.

DECLARATION UNDER SCHEDULE V (D) OF THE REGULATIONS BY THE MANAGING DIRECTOR OF AFFIRMATION BY THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF COMPLIANCE WITH THE CODE OF CONDUCT

The Members,

I, Mahesh Chhabria, Managing Director of the Company, do hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of Kirloskar Industries Limited.

Mahesh Chhabria
Managing Director
DIN 00166049

Pune: 2 April 2019

CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE

To The Members of Kirloskar Industries Limited

We have examined the compliance of conditions of Corporate Governance by **KIRLOSKAR INDUSTRIES LIMITED** (the Company), for the year ended 31 March 2019, as stipulated in Schedule V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations) read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 thereof ('the Amendment Regulations').

The compliance of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the Regulations of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and in accordance with the explanation given to us, we certify that the Company has complied with the Regulations of Corporate Governance as stipulated in the above mentioned Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company not the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For G. D. APTE & CO.
Chartered Accountants
Firm Registration Number: 100515W

Sd/-
P.P. KULKARNI
Partner
Membership No. 035217

Pune: 16 May 2019


KIRLOSKAR INDUSTRIES LIMITED
A Kirloskar Group Company
KAIROS
KAIR 76 S

INDEPENDENT AUDITOR'S REPORT

To the Members of Kirloskar Industries Limited

Report on the Audit of the Standalone Financial Statements

1. **Opinion**

   We have audited the accompanying Standalone Financial Statements of Kirloskar Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit, total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

2. **Basis for Opinion**

   We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' Section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. **Key Audit Matters**

   Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. Based on our professional judgement, there were no Key Audit Matters in our audit of the Standalone Financial Statements.

4. **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

   The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors and the Report on the Corporate Governance but does not include the Standalone Financial Statements and our auditor's report thereon.

   The above reports were made available to us before the date of this auditor's report.

   Our opinion on the Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

   If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of theseStandalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 misstatements, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As a part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the "Annexure A," a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) 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 our separate Report in "Annexure B" to this report.

(g) As per the information and explanations given to us, we report that, the managerial remuneration has been paid and provided in accordance with Section 197 of the Act and recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, which is subject to the approval from the members of the Company.

(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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For G. D. Apte & Co
Chartered Accountants
Firm Registration Number: 100 515W

Sd/-
P. P. Kulkarni
Partner
Membership Number: 035217
Pune, May 16, 2019

Annexure- A referred to in paragraph 7(1) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipments.

(b) The Company has a regular programme of physical verification of its property, plant and equipments according to which, property plant and equipments are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipments were verified during the year and no materials discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.

(c) The title deeds of immovable properties are held in the name of the Company.

(ii) Considering the nature of the inventories of the Company [Renewable Energy Certificates (RECs)], the provisions of paragraph 3(ii) of the Order are not applicable to the Company.

(iii) Based on the audit procedures conducted by us and according to the information and explanations given to us, in our opinion, no loans, secured or unsecured have been granted to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

(iv) Based on the audit procedures conducted by us and according to the information and explanations given to us, in our opinion, the Company has not given any loans or securities to any of its Directors or to any other persons in whom the Director is interested under Section 185. The Company has complied with the provisions of Section 186 of the Act.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the provisions of the Act.

(vi) The maintenance of cost records is not applicable to the Company pursuant to the provisions of Section 148(1) of the Act.

(vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, goods and services tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us and from the records of the Company, there were no undisputed statutory dues as at the last day of the financial year which were outstanding for a period of more than six months from the date they became payable. We have been explained that dues in respect of Employee State Insurance and Custom Duty were not applicable during the year.

(b) According to the information and explanations given to us and from the examination of books of account and records of the Company, there are no dues in respect of Income tax, Sales tax, Service tax, Custom duty, Excise duty, Value added tax, Goods and Service Tax or Cess which have not been deposited on account of any dispute, except for following cases:

Name of the statute	Nature of dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	Denial of service tax credit taken and penalty thereon	0.52	2006-07	CESTAT-Mumbai
Income Tax Act, 1961	Disallowance of certain expenses	316.29	AY 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Disallowance of certain expenses	219.81 (Net of ₹ 63 lakhs paid under protest)	AY 2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Disallowance of certain expenses	290 (Net of ₹ 70 lakhs paid under protest)	AY 2016-17	Commissioner of Income Tax (Appeals)

(viii) The Company has not availed any loan from any financial institution, bank, government or debenture holders. As such, the reporting under this paragraph regarding default of the Company in repayment of dues to financial institution, bank, government or debenture holders is not required.

(ix) During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) As per the information and explanations given to us, we report that, the managerial remuneration has been paid and provided in accordance with Section 197 of the Act and recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, which is subject to the approval from the members of the Company.

(xii) According to the explanations given to us, the Company is not a Nidhi Company within the meaning of Section 406 of the Act.

(xiii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given to us, we report that the transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details as required by the applicable Indian Accounting standards have been disclosed in the Financial Statements.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given to us, we report that the Company has not entered into any non-cash transactions of the nature as described in Section 192 (1) of the Act.

(xvi) Based upon the audit procedures performed by us and as per the information and explanations given to us, we report that the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For G. D. Apte & Co.
Chartered Accountants
Firm registration Number: 100515W

Sd/-
P. P. Kulkarni
Partner
Membership Number: 035217
Pune, May 16, 2019

Annexure-B referred to in paragraph 7(2)(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report on even date on the Internal Financial Controls Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Kirloskar Industries Limited

We have audited the internal financial controls over financial reporting of Kirloskar Industries Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone 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 (ICAI). 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent 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 we 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 our 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 were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For G. D. Apte & Co.
Chartered Accountants
Firm registration number: 100515W

Sd/-
P.P. Kulkarni
Partner
Membership No.: 035217
Pune, May 16, 2019


KAIROS

FINANCIALS STATEMENTS

BALANCE SHEET AS AT 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Note No.	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	ASSETS				
1	**Financial Assets**				
(a)	Cash and cash equivalents	6	197	51	390
(b)	Bank balances other than note (a) above	7	2,054	2,578	7,094
(c)	Receivables	8			
	- Trade receivables		14	104	172
(d)	Investments	9	93,335	142,277	126,236
(e)	Other financial assets	10	61	380	416
			95,661	**145,390**	**134,308**
2	**Non-Financial Assets**				
(a)	Investment in subsidiary	11	17,526	17,526	17,526
(b)	Inventories		-	-	2
(c)	Current tax assets (Net)	12	1,124	1,059	617
(d)	Deferred tax assets (Net)	35	-	18	-
(e)	Investment property	13	1,981	672	608
(f)	Property, plant and equipment	14	2,228	3,132	592
(g)	Capital work-in-progress	15	-	236	18
(h)	Intangible assets	14	4	-	-
(i)	Other non-financial assets	16	4,158	161	31
			27,021	**22,804**	**19,394**
	TOTAL ASSETS		**122,682**	**168,194**	**153,702**
	LIABILITIES AND EQUITY				
	LIABILITIES				
1	**Financial Liabilities**				
(a)	Trade payables	17			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	11
(b)	Deposits	18	1,113	1,568	1,421
(c)	Other financial liabilities	19	454	330	140
			1,567	**1,898**	**1,572**
2	**Non-Financial Liabilities**				
(a)	Provisions	20	309	270	232
(b)	Deferred tax liabilities (Net)	21, 35	131	-	12
(c)	Other non-financial liabilities	22	353	76	196
			793	**346**	**440**
	TOTAL LIABILITIES		**2,360**	**2,244**	**2,012**
3	**EQUITY**				
(a)	Equity share capital	23	971	971	971
(b)	Other equity	24	119,351	164,979	150,719
			120,322	**165,950**	**151,690**
	TOTAL LIABILITIES AND EQUITY		**122,682**	**168,194**	**153,702**

Notes forming part of the Financial Statements: Note No. 1 to 48

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

P.P. Kulkarni
Partner
Membership Number: 035217
Pune: 16 May 2019

Ashwini Mali
Company Secretary
ACS 19944

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune: 16 May 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Note No.	Year ended 31 March 2019	Year ended 31 March 2018
1	**Revenue from Operations**			
(a)	Interest income	25	213	367
(b)	Dividend income		3,750	3,090
(c)	Net gain on fair value changes	26	341	132
(d)	Revenue from windmill operation	27	299	248
	Total Revenue from Operations		**4,603**	**3,837**
2	**Other Income**	28	3,189	3,377
3	**Total Income**		**7,792**	**7,214**
4	**Expenses**			
(a)	Finance costs	29	137	155
(b)	Impairment on financial instruments	30	(80)	76
(c)	Employee benefit expenses	31	641	971
(d)	Depreciation and amortization expense	32	256	150
(e)	Corporate social responsibility expense	33	64	63
(f)	Operating and other expenses	34	1,094	883
5	**Total Expenses**		**2,112**	**2,298**
6	**Profit before tax**		**5,680**	**4,916**
7	**Tax expense**	35		
	- Current tax		578	706
	- Deferred tax		151	(32)
8	**Total tax expenses**		**729**	**674**
9	**Profit for the year**		**4,951**	**4,242**
10	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	a) Gain/(loss) on remeasurements of defined benefit plan		(9)	(13)
	b) Gain/(loss) on fair valuation of quoted investments in equity shares		(49,282)	11,623
	c) Income tax expenses / (reversal) relating to items that will not be reclassified to profit or loss		(2)	(3)
11	**Other Comprehensive Income**		**(49,289)**	**11,613**
12	**Total Comprehensive Income for the year**		**(44,338)**	**15,855**
13	**Earnings per equity shares (for continuing operations)**	36		
	[Nominal value of share ₹ 10 (31 March 2018 ₹ 10)]			
	Basic (₹)		50.99	43.69
	Diluted (₹)		50.91	43.67

Notes forming part of the Financial Statements: Note No. 1 to 48

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
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DIN 01138984

P.P. Kulkarni
Partner
Membership Number: 035217
Pune: 16 May 2019

Ashwini Mali
Company Secretary
ACS 19944

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune: 16 May 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

A. Equity Share Capital

Equity shares of ₹10 each issued, subscribed and fully paid	No.	₹ lakhs
As at 1 April 2017	97,08,650	971
Add: Shares issued during the year	-	-
Less : Shares bought back during the year	-	-
As at 31 March 2018	**97,08,650**	**971**
Add: Shares issued during the year	-	-
Less : Shares bought back during the year	-	-
As at 31 March 2019	**97,08,650**	**971**

B. Other Equity

Particulars	Reserves and surplus				Total
	General Reserve	Share Options Outstanding Account	Equity instruments through Other Comprehensive Income	Surplus/ (Deficit) in the Statement of Profit and Loss	
As at 1 April 2017	**32,262**	**-**	**75,732**	**42,725**	**1,50,719**
Profit for the year	-	-	-	4,242	4,242
Employee Stock Options Expense	-	490	-	-	490
Measurement of Investments at FVTOCI	-	-	11,623	-	11,623
Remeasurement of defined benefit plans (net of taxes)	-	-	-	(9)	(9)
Transfer of amount on buy back of investments measured as FVTOCI	-	-	(1,092)	1,092	-
Appropriations:					
Final Dividend for year 2016-17	-	-	-	(1,942)	(1,942)
Tax on Final Dividend for year 2016-17	-	-	-	(144)	(144)
As at 31 March 2018	**32,262**	**490**	**86,263**	**45,964**	**1,64,979**
Profit for the year	-	-	-	4,951	4,951
Employee Stock Options Expense	-	986	-	-	986
Measurement of Investments at FVTOCI	-	-	(49,282)	-	(49,282)
Lapse of ESOP outstanding	-	(14)	-	14	-
Remeasurement of defined benefit plans (net of taxes)	-	-	-	(7)	(7)
Appropriations:					
Final Dividend for year 2017-18	-	-	-	(2,039)	(2,039)
Tax on Final Dividend for year 2017-18	-	-	-	(237)	(237)
As at 31 March 2019	**32,262**	**1,462**	**36,981**	**48,646**	**1,19,351**

Notes forming part of the Financial Statements: Note No. 1 to 48

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

P.P. Kulkarni
Partner
Membership Number: 035217
Pune: 16 May 2019

Ashwini Mali
Company Secretary
ACS 19944

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune: 16 May 2019

STATEMENT OF CASH FLOW

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	For the year ended 31 March 2019		For the year ended 31 March 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) before tax		**5,680**		**4,916**
Adjustments for:				
Depreciation and amortization expense	256		150	
Employees Stock Option Expense	368		490	
Fair valuation of mutual funds	(341)		(132)	
Gain on sale of property, plant and equipment	(129)		(4)	
Impairment on financial instruments	(80)		76	
Interest income	(213)		(367)	
Dividend income	(3,750)		(3,090)	
Income from licensing of property	(3,060)		(3,373)	
Finance cost	137	(6,812)	155	(6,095)
Operating profit / (loss) before working capital changes		(1,132)		(1,179)
Changes in working capital:				
(Increase) / Decrease in inventories	-		2	
(Increase) / Decrease in trade receivables	101		60	
(Increase) / Decrease in other bank balances	(6)		-	
(Increase) / Decrease in other financial assets	388		(28)	
(Increase) / Decrease in other non-financial assets	(3,433)		(59)	
Increase / (Decrease) in other financial liabilities	125		178	
Increase / (Decrease) in trade payables	-		(10)	
Increase / (Decrease) in other non-financial liabilities	63		15	
Increase / (Decrease) in provisions	18	(2,744)	12	170
Cash generated from operations		(3,876)		(1,009)
Net income tax (paid) / refunds		(643)		(1,148)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		**(4,519)**		**(2,157)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (including capital work in progress)	(193)		(2,874)	
Capital advances for purchase of property, plant and equipment	(16)		(71)	
Proceeds from sale of property, plant and equipment	6		5	
Maturity proceeds of fixed deposits	530		4,528	
Investment in equity instruments	-		(956)	
Investment in mutual funds	-		(4,423)	
Proceeds from buy back of equity investments	-		1,096	
Interest income	213		367	
Dividend income	3,750		3,090	
Security deposits	(244)		2	
Income from licensing of property	2,936		3,237	
Purchase of investment property	(187)		(98)	
Sale of investment property	146		-	
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		**6,941**		**3,903**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid (including tax on distribution of profits)	(2,276)		(2,085)	
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		**(2,276)**		**(2,085)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**146**		**(339)**
Cash and cash equivalents at the beginning of the year		51		390
Cash and cash equivalents at the end of the year (Refer Note No: 6)		**197**		**51**

Notes:

1. The above Cash- Flow Statement has been prepared under the indirect method setout in Indian Accounting Standard (Ind AS) -7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015.
2. Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
3. All figures in brackets indicate outflow.

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

P.P. Kulkarni
Partner
Membership Number: 035217
Pune: 16 May 2019

Ashwini Mali
Company Secretary
ACS 19944

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune: 16 May 2019

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 1:
CORPORATE INFORMATION

Kirloskar Industries Limited ("the Company") is a public company incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India, namely the BSE Limited and the National Stock Exchange of India Limited. The Company is engaged in wind-power generation. The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Mega Watt (MW). The windmills are located at Tirade Village, Tal- Akole, Dist. – Ahmednagar. The Company sells wind power units generated, to third party as per the approval from the Maharashtra State Electricity Distribution Company Limited (MSEDCL) and in the absence of such approval to MSEDCL.

The Company has investment in properties and securities. The Company owns some land parcels in Pune. During the year 2017-18, the Company has amended the Main Object Clause of the Company to include the real estate activities.

The Board of Directors had approved the development of some land parcels owned by the Company at Kothrud, Pune. Accordingly, the Company has taken various actions towards the process of the development of the land parcels at Kothrud.

The Standalone Financial Statements of the Company for the year ended 31 March 2019, were authorised for issue in accordance with a resolution of the Board of Directors on 16 May 2019.

NOTE 2:
BASIS OF PREPARATION

The Standalone Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Section 133 of the Companies Act, 2013, ("the Act")read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

For all periods up to and including the year ended 31 March 2018, the Company prepared its Standalone Financial Statements in conformity with Generally Accepted Accounting Principles in India (Indian GAAP) to comply in all the material respects with the notified Accounting Standards as prescribed under Section 133 of the Companies Act, 2013, (the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act.

These Standalone Financial Statements for the year ended 31 March 2019, are the first Standalone Financial Statements that the Company has prepared in accordance with Ind AS. Refer Note 48 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

The Standalone Financial Statements have been prepared on a historical cost basis, except for the following, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Investment in equity instruments (other than equity instruments of the subsidiary recognised at cost)	Fair value through other comprehensive income
Investment in mutual funds	Fair value through profit and loss
Share-based payment	Fair value

Functional and presentation currency

The Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The Standalone Financial Statements are presented in Indian rupee (₹) rounded off to nearest lakhs (unless otherwise stated), which is the Company's functional and presentation currency.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 3 :
SIGNIFICANT ACCOUNT JUDGEMENTS,ESTIMATES AND ASSUMPTIONS

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i. Judgements

In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Contingent liability

The Company has received various orders and notices from different Government authorities and tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyses current information about these matters and discloses the information relating to contingent liability. In making the decision regarding the need for creating loss provision, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

ii. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU)exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Site restoration and decommissioning obligation

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The Company estimates the liability for decommission and restoration obligation in respect of windmills using the best estimates available at each reporting date.

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Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about defined benefit plans obligations are given in Note 37.

Deferred tax

Deferred tax assets are recognised for all the deductible temporary differences including carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused losses can be utilised.

Estimation and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

NOTE 4:
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its Standalone Financial Statements:

a) Fair value measurement

The Company measures financial instruments such as investments in equity shares, mutual funds etc. at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Standalone Financial Ftatements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Standalone Financial Ftatements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Refer Note 44)
- Financial instruments (including those carried at amortised cost) (Refer Note 45)

b) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost net of accumulated depreciation and impairment losses, if any.

The cost comprises of the purchase price and directly attributable costs of bringing the asset to its working condition for the intended use. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, where the Company has such contractual obligation. Any trade discounts and rebates are deducted in arriving at the purchase price. Each part of item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

(i) Depreciation and amortisation

Depreciation is provided on all assets (except land, being a non-depreciable asset) equally over the useful life of the individual assets as prescribed under Part C of Schedule II to the Act. These lives also reflect the management's estimate of the useful life of the respective property, plant and equipment. In case of windmills, useful life of 20 years (instead of 22 years as prescribed in Part C of Schedule II to the Act) has been estimated by the management of the Company for the purpose of charging depreciation based on technical assessment by independent external expert.

Dismantling and restoration cost are depreciated over remaining useful life of the windmill.

In case of vehicles, useful life of 5 years (instead of 8 years as prescribed in Part C of Schedule II to the Act) has been estimated by the management of the Company for the purpose of charging depreciation.

All items of property, plant and equipment individually costing INR 5,000 or less are fully depreciated in the year of installation.

Depreciation is recognised in the Statement of Profit and Loss from the month in which the asset is acquired while the depreciation on assets sold during the year is recognised in the Statement of Profit and Loss till the month prior to the month in which the asset is sold.

(ii) Disposals / derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

(iii) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate.

c) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost comprising of the consideration paid for acquisition less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the Statement of Profit and Loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives i.e., softwares are amortised on a straight-line basis over the period of expected future benefits i.e. over their estimated useful lives of five years. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

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d) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

(i) Income from power generation is recognised on supply of power to the grid in accordance with the terms and conditions of the contract with the Open Access Consumer.

The unutilised units by the open access consumer are initially recognised at a rate which is estimated on the basis of latest available rates as per MSEDCL circulars/orders. The same are subsequently billed upon determination of the billable rate / units after verification by MSEDCL in accordance with the Rules and Regulations. The difference between the initial accrual and final billing is adjusted with the revenue of the year in which the billing is done.

(ii) Income from the sale of Renewable Energy Certificates (RECs) is recognised on an accrual basis at the time when the contract to sale is entered.

(iii) Dividend is recognised as income when right to receive it is established.

(iv) Interest on fixed deposits with banks, debentures, bonds etc. is recognised on a time proportion basis taking into account the amount outstanding and rate applicable. In case of significant uncertainty of receiving interest, the same is not recognised though accrued and is recognised only when received.

(v) Profit / Loss of the sale / redemption of investments is dealt with at the time of actual sale / redemption.

e) Expenditure on Corporate Social Responsibility (CSR Activities)

The expenditure on CSR activities is recognised in the Statement of Profit and Loss upon utilisation by the trust / NGO to which the funding is made by the Company. The expenditure on CSR activities conducted by the Company is recognised in the Statement of Profit and Loss, on an accrual basis as and when the activities are undertaken.

f) Income taxes

i. Current Income Tax

Current income tax assets and expenses / liabilities are measured respectively at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss, (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Company and the same taxation authority.

g) Investments

i. Investment in subsidiary

Investment in subsidiary is carried at cost in the Standalone Financial Statements.

ii. Investment property

Investment in land and/or buildings that are not intended to be occupied substantially for use by or in the operations of the Company are classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortise the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II of the Act.

Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of derecognition.

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h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to the transition date to Ind AS i.e., 1 April 2017, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Company as lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

i) Inventories

Renewable Energy Certificates (RECs) are recognised upon application for certification to the respective authorities till such units are sold and valued at lower of cost and net realisable value. Cost comprises of costs incurred for certification of RECs. Net realisable value of RECs is the estimated selling price in the ordinary course of business.

j) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

k) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

l) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Standalone Financial Statements.

m) Retirement and other employee benefits

a) Short term Employee Benefits

The distinction between short term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits and are measured on an undiscounted basis according to the terms and conditions of employment. Such benefits include salaries, bonus, short term compensated absences, awards, etc. and are recognised in the period in which the employee renders the related service.

b) Post-employment benefits

i. Defined contribution plan

The eligible employees of the Company are entitled to receive benefits under the Provident Fund and Superannuation Scheme, which are defined contribution plans. In case of Provident Fund, both the employee and the Company contribute monthly at a stipulated rate to the government provident fund, while in case of superannuation, the Company contributes to Life Insurance Corporation of India at a stipulated rate. The Company has no liability for future Provident Fund or Superannuation benefits other than its annual contributions which are recognised as an expense on an accrual basis.

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The Company recognise contribution payable as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

ii. Defined benefit plan

The Company operates a defined benefit plan for its employees, viz. gratuity. The present value of the obligation or asset under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly as other comprehensive income. They are included in retained earnings in the statement of changes in equity.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

iii. Other long-term employment benefits

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly as other comprehensive income. They are included in retained earnings in the statement of changes in equity.

n) Share based payments

Eligible employees in terms of the Employees Stock Options Scheme of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Share-Based Payment ("SBP") reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense / vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as share dilution in the computation of diluted earnings per share.

o) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:
- Debt instruments at amortised cost
- Debt instruments at Fair Value Through Profit or Loss (FVTPL)
- Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest income from these financial assets is included in finance income using the effective interest rate method.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company has made an irrevocable election to present subsequent changes in the fair value in the OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on

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the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, on sale of investment. However, the Company transfers the cumulative gain or loss within the equity from OCI to Retained Earnings.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss at each reporting date.

Dividends from such investments are recognised in profit or loss when the Company's right to receive payments is established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost
- Trade receivables or any contractual right to receive cash or another financial asset

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value net of, in the case of financial liabilities not classified as FVTPL, transaction costs that are attributable to the issue of the financial liability. Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated as such upon initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
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Financial liabilities designated as such upon initial recognition at the initial date of recognition if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risks are recognised in OCI. These gains / losses are not subsequently transferred to the Statement of Profit and Loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

Financial liabilities at amortised cost

After initial recognition, these instruments are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability (or a part of a financial liability) is derecognised from the balance sheet when, and only when, it is extinguished i.e., when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past of future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

q) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. In the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered as integral part of the Company's cash management.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

r) Dividend

The Company recognises a liability to make cash distributions to the equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the provisions of the Act, a distribution is authorised when it is approved by the shareholders except in case of interim dividend which is approved by the Board of Directors. A corresponding amount is recognised directly in equity.

s) Earnings per share (EPS)

Basic EPS is calculated by dividing the Company's earnings for the year attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The earnings considered in ascertaining the Company's EPS comprise the net profit after tax attributable to equity shareholders. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

t) Segment reporting

(i) Identification of segment

An operating segment is a component of a company whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) TBD to make decisions about resource allocation and assess its performance and for which discrete financial information is available.

(ii) Allocation of income and direct expenses and unallocated expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment. Common allocable costs are allocated to each segment pro-rata on the basis of revenue of each segment to the total revenue of the Company. The remainder is considered as un-allocable expense.

(iii) Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole.

NOTE 5:
RECENT ACCOUNTING PRONOUNCEMENTS

Standards issued but not yet effective

'Ind AS 116: Leases' was issued by MCA on 30st March 2019 which will replace existing standard 'Ind AS 17: Leases' and its related appendices. The new standard is effective from the accounting periods starting on or after 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. No significant impact is expected for leases in which the Company is a lessee / lessor.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
NOTE 6 : CASH AND CASH EQUIVALENTS			
Cash on hand	-	-	-
[(₹ 13,919 (31 March 2018: ₹ 20,837; 1 April 2017: ₹ 5,472)]			
Balances with banks			
- On current accounts	22	51	21
- Fixed deposits having original maturity less than 3 months	175	-	369
Total	**197**	**51**	**390**

NOTE 7 : BANK BALANCES OTHER THAN NOTE (6) ABOVE

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Earmarked balances			
Unclaimed dividend accounts	72	63	52
Unclaimed fractional shareholdings account	-	3	3
Other bank balances			
Deposits with banks	1,982	2,512	7,039
Total	**2,054**	**2,578**	**7,094**

NOTE 8 : RECEIVABLES

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Trade receivables			
- Unsecured, considered good	14	104	172
- Unsecured, credit impaired	2	13	6
Less: Allowance for impairment loss	(2)	(13)	(6)
	-	-	-
Total	**14**	**104**	**172**

There are no debts due by the directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms including limited liability partnerships (LLPs), private companies respectively in which any director or other officer is a partner or a director or a member.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
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NOTE 9 : INVESTMENTS

		Face Value (₹)	As at 31 March 2019 Nos.	As at 31 March 2019 ₹ in Lakhs	As at 31 March 2018 Nos.	As at 31 March 2018 ₹ in Lakhs	As at 1 April 2017 Nos.	As at 1 April 2017 ₹ in Lakhs
(A)	**Measured at fair value through other comprehensive income**							
(i)	*(Quoted equity instruments, fully paid)*							
	*Kirloskar Pneumatic Company Limited**	2/10	64,22,990	13,167	12,84,598	9,635	11,86,866	13,962
	Swaraj Engines Limited #	10	21,14,349	29,788	21,14,349	42,386	21,60,000	32,044
	Pneumatic Holdings Limited	10	-	-	-	-	100	1
	Kirloskar Brothers Limited	2	1,89,88,038	31,074	1,89,88,038	58,996	1,89,88,038	48,334
	Kirloskar Oil Engines Limited	2	82,10,439	14,405	82,10,439	26,700	82,10,439	31,889
	Cummins India Limited	2	683	5	683	5	683	6
				88,439		**137,722**		**126,236**
(ii)	*(Unquoted equity instruments, fully paid)*							
	S. L. Kirloskar CSR Foundation $	10	9,800	-	9,800	-	9,800	-
	The Mysore Kirloskar Limited (In liquidation)	10	1,13,460	27	1,13,460	27	1,13,460	27
	Less: Provision for impairment loss			(27)		(27)		(27)
				-		-		-
	Sub-total (A)			**88,439**		**1,37,722**		**1,26,236**
(B)	**Measured at amortised cost**							
	(Unquoted debentures and bonds)							
	The Mysore Kirloskar Limited (In liquidation)							
	12.5% Secured Non Convertible Part "B" debentures of ₹ 44/- each	100	30,000	13	30,000	13	30,000	13
	Less: Provision for impairment loss			(13)		(13)		(13)
	Sub-total (B)			**-**		**-**		**-**
(C)	**Measured at fair value through profit and loss**							
	Investments in liquid mutual funds							
	DSP Blackrock Liquidity Fund- Reg(G)		61,295	1,630	61,295	1,516	-	-
	ICICI Prudential Liquid Plan (G)		5,93,909	1,635	5,93,909	1,522	-	-
	Reliance Liquid- Treasury Plan (G)		35,927	1,631	35,927	1,517	-	-
	Sub-total (C)			**4,896**		**4,555**		**-**
	Total (A + B + C)			**93,335**		**1,42,277**		**1,26,236**

*During the year ended 31 March 2019, Kirloskar Pneumatic Company Limited has sub-divided 1 Equity Share of face value of ₹10/- per share, into 5 equity shares of face value of ₹2/- per share, with effect from 27 September 2018.
The Company participated in buyback of fully paid equity shares of Swaraj Engines Ltd (SEL) during the previous year ended 31 March 2018, SEL has accepted buyback offer of 45,651 equity shares of ₹10 each at the rate of ₹ 2,400 per equity share.
$ Held at nominal value of ₹ 1/-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
NOTE 10 : OTHER FINANCIAL ASSETS			
Measured at amortised cost			
(Unsecured, considered good, unless otherwise stated)			
Contract assets (Unbilled receivables)	14	304	393
Unsecured, credit impaired	39	108	41
Less: Allowance for impairment loss	(39)	(108)	(41)
	14	304	393
Security deposits	27	27	22
Other receivables	20	49	1
Other advances			
Unsecured, credit impaired	386	386	386
Less: Allowance for impairment loss	(386)	(386)	(386)
	-	-	-
Total	**61**	**380**	**416**
NOTE 11 : INVESTMENT IN SUBSIDIARY			
Measured at cost			
(Quoted equity instruments, fully paid)			
Kirloskar Ferrous Industries Limited	17,526	17,526	17,526
-Extent of holding by the Company is 51.32% (31 March 2018: 51.45% ; 1 April 2017: 51.45%)			
-Number of shares held 7,06,43,754 (31 March 2018: 7,06,43,754 ; 1 April 2017: 7,06,43,754)			
Total	**17,526**	**17,526**	**17,526**

During the year, subsidiary has issued 3,40,960 equity shares under its ESOP scheme thereby reducing Company's investment from 51.45% to 51.32%.

NOTE 12 : CURRENT TAX ASSETS (NET)			
Advance Income Tax	1,124	1,059	617
(Net of Provision for Income Tax ₹ 7,476 (31 March 2018: ₹ 6,892 lakhs; 1 April 2017: ₹ 6,186 lakhs))			
Total	**1,124**	**1,059**	**617**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
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	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
NOTE 13 : INVESTMENT PROPERTY			
Land (at cost)			
Balance as at the beginning of the year	15	15	15
Add: Additions during the year	-	-	-
Less: Sold during the year	-	-	-
Balance as at the end of the year (i)	**15**	**15**	**15**
Building (at cost less depreciation)			
(a) Gross block			
Balance as at the beginning of the year	1,360	1,262	1,262
Add: Additions during the year	187	98	-
Add: Transferred from property plant and equipment	1,215	-	-
Less: Sold during the year	22	-	-
Balance as at the end of the year	**2,740**	**1,360**	**1,262**
(b) Accumulated depreciation			
Balance as at the beginning of the year	703	669	644
Add: Depreciation for the year	66	34	25
Add: Transferred from property plant and equipment	10	-	-
Less: On disposals	5	-	-
Balance as at the end of the year	**774**	**703**	**669**
Net Block of building (ii) = (a) - (b)	**1,966**	**657**	**593**
Total investment property (i) +(ii)	**1,981**	**672**	**608**

Movement in fair value of Investment Property	**₹ In Lakhs**
Fair value as at 1 April 2017	64,729
Change in fair value	7,545
Fair value as at 31 March 2018	72,274
Change in fair value	1,202
Fair value as at 31 March 2019	**73,476**

Fair valuation methodology

The fair values of investment properties have been determined on the basis of valuation carried out by independent valuer on a case to case basis. Valuation is based on government rates, market research, market trend and comparable values as considered appropriate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 14 :
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Particulars	Property, plant and equipment (A)									Intangible Assets (B)	Total (A) + (B)
	Building	Plant and equipment		Furniture and Fixtures	Vehicles	Office Equipment	Computers & Peripherals	Electrical Installations	Total (A)	Computer Software	
		Wind power generators	Diesel Generator Set								
Gross Block											
Balance as at 1 April 2017	-	2,714	9	68	11	22	17	7	2,848	1	2,849
- Additions	2,431	-	-	8	179	34	4	-	2,656	-	2,656
- (Disposals)/ (Adjustments)	-	-	-	-	(10)	-	-	-	(10)	-	(10)
Balance as at 31 March 2018	**2,431**	**2,714**	**9**	**76**	**180**	**56**	**21**	**7**	**5,494**	**1**	**5,495**
- Additions	104	-	3	82	151	95	21	41	497	5	502
- (Disposals)/ (Adjustments)*	(1,215)	-	-	(28)	-	-	-	-	(1,243)	-	(1,243)
Balance as at 31 March 2019	**1,320**	**2,714**	**12**	**130**	**331**	**151**	**42**	**48**	**4,748**	**6**	**4,754**
Accumulated Depreciation											
Balance as at 1 April 2017	-	2,179	4	38	10	12	10	3	2,256	1	2,257
- Depreciation charge for the year	20	55	1	7	25	3	4	1	116	-	116
- On (Disposals)/ (Adjustments)	-	-	-	-	(10)	-	-	-	(10)	-	(10)
Balance as at 31 March 2018	**20**	**2,234**	**5**	**45**	**25**	**15**	**14**	**4**	**2,362**	**1**	**2,363**
- Depreciation charge for the year	22	55	1	18	56	27	6	4	189	1	190
- On (Disposals)/ (Adjustments)	(10)	-	-	(21)	-	-	-	-	(31)	-	(31)
Balance as at 31 March 2019	**32**	**2,289**	**6**	**42**	**81**	**42**	**20**	**8**	**2,520**	**2**	**2,522**
Net Block											
Balance as at 1 April 2017	-	535	5	30	1	10	7	4	592	-	592
Balance as at 31 March 2018	2,411	480	4	31	155	41	7	3	3,132	-	3,132
Balance as at 31 March 2019	**1,288**	**425**	**6**	**88**	**250**	**109**	**22**	**40**	**2,228**	**4**	**2,232**

* Adjustments of ₹ 1,215 lakhs in gross block and ₹ 10 lakhs in accumulated depreciation represent transfer to investment property consequent to letting out a part of the property.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 15 :
CAPITAL WORK-IN-PROGRESS

	₹ In Lakhs
Balance as at 1 April 2017	18
Add: Additions during the year	218
Less: Capitalised during the year	-
Balance as at 31 March 2018	**236**
Add: Additions during the year	-
Less: Capitalised during the year	(236)
Balance as at 31 March 2019	-

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
NOTE 16 : **OTHER NON-FINANCIAL ASSETS**			
Unsecured, considered good:			
Capital advances	16	71	2
Prepaid expenses	17	26	8
Balances with government authorities	16	38	18
Real estate project under development*	4,091	18	-
Others	18	9	3
Total	**4,158**	**161**	**31**

*The Company amended its Memorandum of Association during the previous year ended 31 March 2018, to include in its Object Clause the business of acquiring, developing, leasing, selling and dealing in Real Estate. Consequently, the Board of Directors accorded its approval for development of some land parcels at Kothrud in its meeting held on 6 March 2018. The advances in respect of Consultancy and other expenditure aggregating to ₹ 4,091 Lakhs (31 March 2018, ₹ 18 Lakhs) incurred in connection with this activity, have been included under 'Other Non - Financial Asset' and also included as assets of Real Estate Segment identified by the Company during the year ended 31 March 2018 . The same would be reviewed and re-classified as 'Capital Work in Progress' or 'Inventories', depending on the nature of the Project and the Business Model which shall be determined by the Company in due course.

NOTE 17 :
TRADE PAYABLES

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Trade Payables			
- total outstanding dues of micro enterprises and small enterprises	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	11
Total	-	-	11

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
NOTE 18 : DEPOSITS			
Measured at amortised cost			
Other - Security deposits	1,113	1,568	1,421
Total	**1,113**	**1,568**	**1,421**
NOTE 19 : OTHER FINANCIAL LIABILITIES			
Measured at amortised cost			
Investors education and protection fund will be credited by the following amounts, as and when due:			
- Unclaimed equity dividend*	72	63	52
- Unclaimed fractional entitlement**	-	3	3
Employee benefits	164	148	25
Expenses and other payable***	181	76	42
Commission payable to directors	37	40	18
Total	**454**	**330**	**140**

*Unclaimed equity dividend includes ₹ 0.09 (31 March 2018: ₹ 0.09 Lakhs ; 1 April 2017: ₹ 0.09 Lakhs) on 31 shares in abeyance on the direction of special count which will not be transferred to Investors Education and Protection Fund.

**Amount ₹ 3 lakhs from Unclaimed fractional entitlement are transferred to Investors Education and Protection Fund during the year.

***Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

Total outstanding to MSME suppliers	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-	-
Interest due and payable to suppliers under MSMED act for the payments already made	-	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-	-

NOTE 20 : PROVISIONS			
Gratuity	84	58	42
Compensated absences	48	43	34
Decommissioning and restoration (Refer Note 40)	177	163	150
Wealth tax (Net)	-	6	6
Total	**309**	**270**	**232**
NOTE 21 : DEFERRED TAX LIABILITIES (NET)			
Deferred tax liability (Net)	131	-	12
Total	**131**	**-**	**12**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
NOTE 22 : OTHER NON-FINANCIAL LIABILITIES			
Taxes and duties	82	19	5
License fees received in advance	271	57	191
Total	**353**	**76**	**196**

NOTE 23 :
EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and paid-up share capital and par value per share:

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	₹ in Lakhs	Number	₹ in Lakhs	Number	₹ in Lakhs
AUTHORISED Equity Shares of ₹ 10/- each	5,00,00,000	5,000	5,00,00,000	5,000	5,00,00,000	5,000
ISSUED AND SUBSCRIBED Equity Shares of ₹ 10/- each	97,08,650	971	97,08,650	971	97,08,650	971
CALLED UP AND PAID UP Equity Shares of ₹ 10/- each fully paid up	97,08,619	971	97,08,619	971	97,08,619	971
SHARE CAPITAL SUSPENSE ACCOUNT* Equity Shares of ₹ 10/- each fully paid up	31	-	31	-	31	-
Total	**97,08,650**	**971**	**97,08,650**	**971**	**97,08,650**	**971**

* 31 (31 March 2018: 31) Equity Shares of ₹ 10/- each aggregating to ₹ 310/- to be issued to shareholders of erstwhile Shivaji Works Limited on amalgamation as per scheme sanctioned by Board for Industrial and Financial Reconstruction, are kept in abeyance on the directions of Special Court.

(b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	₹ in Lakhs	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	97,08,650	971	97,08,650	971	97,08,650	971
Add: Shares Issued during the year	-	-	-	-	-	-
Less: Shares bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	**97,08,650**	**971**	**97,08,650**	**971**	**97,08,650**	**971**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

(c) Equity shares in the Company held by each shareholder holding more than 5% shares:

Name of Shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
India Capital Fund Limited	9,61,205	9.90	9,59,117	9.88	9,43,439	9.72
Atul Chandrakant Kirloskar #	16,35,300	16.84	16,35,300	16.84	16,35,300	16.84
Rahul Chandrakant Kirloskar ##	16,21,688	16.70	16,21,688	16.70	16,21,688	16.70
Gautam Achyut Kulkarni	-	-	-	-	16,30,386	16.79
Arti Atul Kirloskar	709,648	7.31	7,09,648	7.31	7,09,648	7.31
Jyotsna Gautam Kulkarni	11,78,592	12.14	23,57,184	24.28	7,26,798	7.49
Nihal Gautam Kulkarni	5,89,296	6.07	-	-	-	-
Ambar Gautam Kulkarni	5,89,296	6.07	-	-	-	-
Alpana Rahul Kirloskar	7,09,648	7.31	7,09,648	7.31	7,09,648	7.31

Out of these, 16,35,275 (31 March 2018: 16,35,275) equity shares are held in the individual capacity and 25 (31 March 2018: 25) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

Out of these, 16,21,459 (31 March 2018: 16,21,459) equity shares are held in the individual capacity and 229 (31 March 2018 : 229) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

(d) Details of allotment of shares for consideration other than cash, allotments of bonus shares and shares bought back:

Particulars	Financial year (Aggregate no. of shares)				
	2018-19	2017-18	2016-17	2015-16	2014-15
Equity Shares :					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares bought back	-	-	-	-	-

(e) Each holder of equity share is entitled to one vote per share and to receive interim / final dividend as and when declared by the Board of Directors / at the Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
NOTE 24 :		
OTHER EQUITY		
(a) General reserve		
Balance as at the beginning of the year	32,262	32,262
Add: Transfer from surplus of Profit and Loss	-	-
Balance as at the end of the year	**32,262**	**32,262**
(b) Share options outstanding account (Refer Note 43)		
Balance as at the beginning of the year	490	-
Employee Stock Options Expense	986	490
Less :Lapse of Employee Stock Option Plan transferred to Surplus/ (Deficit) in the Statement of Profit and Loss	(14)	-
Balance as at the end of the year	**1,462**	**490**
(c) Equity instruments through other comprehensive income		
Balance as at the beginning of the year	86,263	75,732
Measurement of Investments at FVTOCI	(49,282)	11,623
Less: Transfer of amount on sale of investments measured as FVTOCI	-	(1,092)
Balance as at the end of the year	**36,981**	**86,263**
(d)Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as at the beginning of the year	45,964	42,725
Add: Net Profit transferred from the Statement of Profit and Loss	4,951	4,242
Add: Lapse of Employee Stock Option Plan transfer from Share options outstanding account	14	-
Add: Remeasurement of defined benefit plans (net of taxes)	(7)	(9)
Add: Transfer of amount on buy back of investments measured as FVTOCI	-	1,092
Amount available for appropriation	**50,922**	**48,050**
Less: Appropriations:		
Final Dividend for F.Y. 2017-18 (2016-17)	2,039	1,942
Tax on Final Dividend for F.Y. 2017-18 (2016-17)	237	144
Net surplus in the Statement of Profit and Loss	**48,646**	**45,964**
Total	**119,351**	**164,979**

Notes:

1. **General Reserve:**
   General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.
2. **Share options outstanding account:**
   The share option outstanding account is used to recognise the fair value of options to the employees under the employee stock otion plan, which are unvested or unexcercised as on the reporting date (Refer Note 43).
3. **Equity instruments through Other Comprehensive Income:**
   This reserve represents the cumulative gains and losses arrising on the fair valuation of equity instruments measured through Other comprehensive income, net of amounts reclassified to retained earnings when these equity instruments are disposed off.
4. **Surplus/(Deficit) in the Statement of Profit and Loss:**
   This comprise of the undistributed profit after taxes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
NOTE 25 : **INTEREST INCOME**		
- On financial assets measured at amortised cost		
Interest on deposits with banks	213	367
Total	**213**	**367**
NOTE 26 : **NET GAIN ON FAIR VALUE CHANGES**		
- On financial instruments measured at fair value through profit and loss		
Investments in mutual funds	341	132
Total	**341**	**132**
NOTE 27 : **REVENUE FROM WINDMILL OPERATIONS**		
Sale of wind power	299	129
Sale of renewable energy credit	-	119
Total	**299**	**248**
NOTE 28 : **OTHER INCOME**		
Property licensing fees	3,060	3,373
Gain on sale of property, plant and equipment	-	4
Gain on sale of investment property*	129	-
Other non-operating income		
Miscellaneous income	-	-
[₹ 41,480/- (For FY 2017-18: ₹ 39,834/-)]		
Total	**3,189**	**3,377**

* During the year, the Company sold an investment property at Banglore for consideration of ₹ 146 Lakhs resulting in to profit of ₹ 129 Lakhs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
NOTE 29 :		
FINANCE COSTS		
(Measured at amortised cost)		
On financial liabilities		
Unwinding of interest on security deposit	123	142
On provisions		
Unwinding of interest on provision for decommissioning and restoration	14	13
Total	**137**	**155**
NOTE 30 :		
IMPAIRMENT ON FINANCIAL INSTRUMENTS		
- On financial instruments measured at amortised cost		
Expected Credit Loss on trade receivables and contract assets	(80)	76
Total	**(80)**	**76**
NOTE 31 :		
EMPLOYEE BENEFIT EXPENSES		
Salaries and incentives	235	430
Contributions to Provident fund, Superannuation and Labour welfare fund	23	45
Employees stock option expense (Refer Note 43)	368	490
Gratuity	11	3
Staff welfare expenses	4	3
Total	**641**	**971**
NOTE 32 :		
DEPRECIATION AND AMORTISATION EXPENSE		
On property, plant and equipment and intangible assets (Refer Note 14)	190	116
On investment property (Refer Note 13)	66	34
Total	**256**	**150**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
NOTE 33 : CORPORATE SOCIAL RESPONSIBILITY EXPENSE		
Construction/ acquisition of any asset		
-Amount already incurred	8	15
-Amount Yet to be incurred	-	-
On purposes other than above		
-Amount already incurred	56	48
-Amount Yet to be incurred	-	-
Total	**64**	**63**

As per Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 61 lakhs as expenditure on CSR Activities during the FY 2018-19 (₹ 61 lakhs in the FY 2017-18).

	Year ended 31 March 2019	Year ended 31 March 2018
NOTE 34 : OPERATING AND OTHER EXPENSES		
A. Operating expenses		
Operation and maintenance charges*	129	95
Transmission and wheeling charges	-	4
Other open access charges	2	21
Renewable energy related expenses	-	7
Sub Total	**131**	**127**
B. Other expenses		
Security expenses	265	247
Repairs and maintenance :		
-Property	25	69
-Other assets	7	4
Garden and site maintenance	52	47
Rent expense	4	28
Rates and taxes	223	19
Legal and professional fees	190	177
Commission to directors	33	40
Director sitting fees	30	24
Printing and stationery expenses	8	11
Postage and courier charges	7	8
Advertisement and publicity	11	3
Electricity charges	9	5
Travelling expenses	6	16
Insurance charges	22	19
Membership subscription	9	8
Miscellaneous expenses	52	22
Payment to auditors for :		
(a) auditor	9	7
(b) for taxation matters	1	1
(c) for other services	-	1
Total	**1,094**	**883**

* Includes ₹ 48 Lakhs (31 March 2018 ₹ 83 Lakhs) towards one time repairs and overhaul of Windmills.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Year ended 31 March 2019	Year ended 31 March 2018
NOTE 35: INCOME TAXES			
(i)	**The major components of income tax expense are:**		
(a)	Statement of profit and loss section		
	Current income tax charge	578	706
	Deferred tax:	151	(32)
	Income tax expense reported in the statement of profit and loss	**729**	**674**
(b)	Statement to Other comprehensive income (OCI)		
	Deferred tax (expense) / income on Remeasurements of defined benefit plan	(2)	(3)
	Income tax charged to OCI	(2)	(3)
(ii)	**Reconciliation of tax expense and the accounting profit**		
	Accounting profit for the company before income tax	5,680	4,917
	Enacted tax rates in India*	29.12%	21.34%
	Computed tax expense	1,654	1,049
	Add/ (Less) Net Adjustment on account of:		
	Adjustments pertaining to Minimum Alternate tax and Tax effect on various other items	(925)	(375)
	Income tax expense	729	674
	Effective tax rate	12.83%	13.71%

* Previous year tax rate represents tax paid under provisions of section 115JB of the Income Tax Act, 1961

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

(iii) Deferred tax relates to the following:

	Balance sheet			Statement of Profit and Loss	
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Year ended 31 March 2019	Year ended 31 March 2018
Deferred tax assets					
Provision for Employee Benefits	38	29	26	9	3
Provision for expected credit loss	12	35	17	(23)	18
Provision for dismantling obligation	52	35	35	17	-
MAT credit entitlement	66	107	60	(41)	47
Other temporary difference	-	4	-	(4)	4
Gross deferred tax assets	**168**	**210**	**138**	**(42)**	**72**
Deferred tax liabilities					
Property, plant and equipment	159	152	145	7	7
Fair valuation difference	138	38	-	100	38
Other temporary difference	2	2	5	-	(8)
Gross deferred tax liabilities	**299**	**192**	**150**	**107**	**37**
Deferred tax (assets)/Liabilities (net)	**131**	**(18)**	**12**	**149**	**(35)**
Amount recognised in Statement of Profit and Loss				151	(32)
Amount recognised in Statement of Other Comprehensive Income				(2)	(3)

	As at 31 March 2019	As at 31 March 2018
(iv) Movement in current tax asset / current tax liabilities (net)		
Balance at the beginning of the period (Current tax asset (net))	1,059	617
Provision recognised during the year	(578)	(706)
Current tax paid for the year	643	1,148
Balance at the end of the period	**1,124**	**1,059**
Current tax assets	8,601	7,951
Current tax liabilities	7,476	6,892
Total (Net)	**1,124**	**1,059**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 36:
EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by adjusting profit or loss attributable to ordinary equity holders of the entity, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
Net profit after tax attributable to equity shareholders of the Company	(A)	4,951	4,242
Weighted average number of equity shares in calculating basic EPS	(B)	97,08,650	97,08,650
Effect of dilution:			
Stock options granted under ESOP		16,503	6,335
Total number of diluted equity shares at the end of the year	(C)	97,25,153	97,14,985
Basic earnings per share of face value of 10 each (₹)	(A/B)	50.99	43.69
Diluted earnings per share of face value of 10 each (₹)	(A/C)	50.91	43.67

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these Financial Statements.

NOTE 37.
EMPLOYEE BENEFITS EXPENSE

(a) Defined contribution plans :
The Company has contributed ₹ 61 Lakhs (31 March 2018: ₹ 45 Lakhs) towards Defined Contribution plans i.e. Provident Fund and superannuation scheme.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
- Amount recognised in the Statement of Profit and Loss towards Contribution to employees provident fund & superannuation fund	23	45
- Amount considered under 'Real Estate Project under Development' - other non financial assets.	38	-
Total	**61**	**45**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
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(b) Defined benefit plans :

Gratuity : The Company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. Where service is in excess of 15 years, full month's basic salary is considered for the calculation of gratuity.

Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 : Employee Benefits

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Amount recognised in statement of profit and loss under employee benefit expenditure		
Current service cost	7	-
Interest expenditure on defined benefit liability	4	3
Total	**11**	**3**
Amount recognised in statement of other comprehensive income		
Remeasurements of defined benefit plan (gain / (loss))	(9)	(13)

Reconciliation of liability

Particulars	Present value of Obligation
As at 1 April 2017	**42**
Current service cost	-
Interest expenditure on defined benefit liability	3
Total amount recognised in Statement of Profit and Loss under employee benefit expenditure	**3**
Remeasurement during the period due to:	
Return on plan assets excluding amounts included in interest income	13
Change in financial assumptions	-
Change in experience adjustments	-
Total amount recognised in other comprehensive income	**13**
Employers Contributions	-
Benefit payments	-
As at 31 March 2018	**58**
Current service cost	7
(Gains) and losses on curtailment and settlement	-
Net interest (income) / expense	4
Total amount recognised in Statement of Profit and Loss	**11**
Remeasurement during the period due to:	
Return on plan assets excluding amounts included in interest income	-
Change in financial assumptions	9
Change in experience adjustments	-
Total amount recognised in other comprehensive income	**9**
Employers Contributions	-
Benefit payments	6
As at 31 March 2019	**84**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
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The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	31 March 2019	31 March 2018	1 April 2017
Present value of obligations	84	58	42
Fair value of plan assets	NA	NA	NA
Deficit/ Surplus of plans	(84)	(58)	(42)
Deficit of Gratuity plan	**(84)**	**(58)**	**(42)**

The principal assumptions used in determining gratuity obligations for the Company are shown below:

Particulars	As at 31 March 2019	As at 31 March 2018
a. Discount Rate	7.40%	7.60%
b. Rate of increase in compensation cost	10.00%	7.50%
c. Expected average remaining working lives of employees (years)	7.06*	10.35*
d. Withdrawal rate of Attrition	1% to 10%	2% to 6%

*It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A quantitative sensitivity analysis for significant assumption as at 31 March 2019 and 31 March 2018 is shown below:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation.

Particulars	Sensitivity level	Increase / (decrease) in defined benefit obligation (impact)	
		31 March 2019	31 March 2018
Discount rate			
Decrease by	1%	(4)	(4)
Increase by	1%	4	4
Future salary increase			
Decrease by	1%	(3)	(3)
Increase by	1%	3	3
Withdrawal rate			
Decrease by	1%	-	-
Increase by	1%	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
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The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects the other variables. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The followings are the expected future benefit payments for the defined benefit plan:

Particulars	31 March 2019	31 March 2018
Within the next 12 months (next annual reporting period)	2	1
Between 2 and 5 years	88	3
Beyond 5 years	6	79
Total expected payments	**96**	**83**

Weighted average duration of defined benefit plan obligation (based on discounted cash flows):

Particulars	31 March 2019	31 March 2018
Weighted average duration of defined benefit plan obligation (years)	7.93	10.71

Risk exposure

Through its defined benefit plans, the entity is exposed to a number of risks, the most significant of which are detailed below:

(A) Changes in bond yields

A decrease in bond yields will increase plan liabilities.

(B) Legislative Risk

The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

(C) Liability Risks

(i) Asset-Liability Mismatch Risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.Hence companies are encouraged to adopt asset-liability management.

(ii) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
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(iii) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically,they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainities in estimating this increasing risk.

(iv) Unfunded Plan Risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Company may default on paying the benefits inadverse circumstances. Funding the plan removes volatility in company's financials and also benefit risk through return on the funds made available for the plan.

NOTE 38:
CONTINGENT LIABILITIES

Particulars	31 March 2019	31 March 2018	1 April 2017
a. Disputed demand			
- Service tax	3	3	3
- Income tax (out of this ₹1082 Lakhs (31 March 2018: ₹ 984 Lakhs ; 1 April 2017: ₹ 567 Lakhs) paid under protest)	1,880	1,204	653
b. Conveyance Deed Charges in respect of property	22	22	22

NOTE 39:
CAPITAL COMMITMENTS

Particulars	31 March 2019	31 March 2018	1 April 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	78	38
Total	**-**	**78**	**38**

NOTE 40:
PROVISIONS

The disclosure required by IND AS 37 - Provisions, Contingent Liabilities and Contingent Assets prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014,is as follows:

Class of Provision	Provision for decommissioning and Restoration*
Opening balance as on 1 April 2018	163
Provisions for the year	14
Amounts used during the year	-
Closing balance as on 31 March 2019	177

*Nature of Obligation: Provision for possible obligation towards outflow related to decommissioning and restoration of windmills.

Expected timing of resulting outflow: Substantial costs will be incurred at the end of useful life of windmills.

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NOTE 41:

REVENUE FROM CONTRACTS WITH CUSTOMERS

Disclosure pursuant to Indian Accounting Standard (Ind AS) 115 : Revenue from contracts with customers

A. Revenue streams

The Company generates revenue primarily from wind power generation.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from contracts with customers	299	248
Total	**299**	**248**

B. Disaggregation of revenue from contracts with customers

The entire revenue from contracts with customers is recognised at point in time and pertain to one line of business i.e. wind power generation.

The information relating to trade receivables from revenue from operations is disclosed in Note 10.

C. Contract assets reconciliation

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening Contract Assets	412	434
Revenue recognised during the period	299	248
Revenue realised during the period	658	270
Closing Contract assets	53	412

NOTE 42:

RELATED PARTY TRANSACTIONS

Related parties, as defined under Clause 3 of Ind AS 24 "Related Party Disclosures", have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board of Directors. Disclosures of transactions with Related Parties are as under:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

(A) List of related parties as per the requirements of Ind AS 24 - Related party disclosures

(i) Subsidiary:

Kirloskar Ferrous Industries Limited

(ii) Key management personnel :

Name of Key Management Personnel	Designation	Relatives of Key Management Personnel and relationship
Mahesh Chhabria	Managing Director	None
Aditi Chirmule	Executive Director	None

(B) Summary of transactions with related parties

Nature of transaction	Year	Subsidiary	Key Management Personnel
Compensation paid to Key Management Personnel*	**2018-19**	--	264
	2017-18	--	332
Reimbursement of expenses received	**2018-19**	--	--
	2017-18	--	--
Dividend received	**2018-19**	1,589	--
	2017-18	1,236	--
Dividend paid	**2018-19**	--	4
	2017-18	--	4
Licensing fees received	**2018-19**	6	--
	2017-18	5	--
Outstanding as at 31 March			
Payable	**2018-19**	3	130
	2017-18	2	130
Investments	**2018-19**	17,526	--
	2017-18	17,526	--

*Compensation paid to Key Management Personnel

Particulars	2019	2018
Short-term employee benefits (compensation)	235	312
Post - employment gratuity benefits	21	11
Other long-term employment benefits	8	9
Total	**264**	**332**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
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NOTE 43:
EMPLOYEE STOCK OPTION PLAN 2017

i. The Company has introduced employee stock option plan. This employee equity-settled compensation plan is known as Kirloskar Industries Limited - Employee Stock Option Plan 2017 (the "Plan"). The plan is approved and authorized by the Nomination and Remuneration Committee at its meeting held on 1 November, 2017. This plan was modified on 11 August 2018.

The options were granted on 1 November 2017 and thereafter on 25 October 2018, as per the ESOP plan.

Under the said plan the Nomination and Remuneration Committee of the Board of Directors has granted 2,26,862 options as on 1 November 2017 and 1,06,000 options on 25 October 2018 to eligible employees of the Company.

The vesting period shall be minimum one year from the date of grant which shall vest in the following manner:

Terms	Explanation
Granted on 1 November 2017 Vesting period / schedule	A. 95,000 options shall vest at the end of the year from the date of options granted. B. 1,31,862 options shall vest as 1/3rd options every year.
Granted on 25 October 2018 Vesting period	106,000 options shall vest at the end of the year from the date of options granted.

The options vested shall be exercised within three years from the vesting date (as modified on 11 August 2018). When exercisable, each option is convertible into one equity share. Any option granted shall be exercisable according to the terms and conditions as determined by Employee Stock Option Plan 2017.

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Weighted average exercise price per share per option (₹)	Number of options	Weighted average exercise price per share per option (₹)	Number of options
Outstanding at the beginning of the period	900	2,22,818	-	-
Granted during the period	900	1,06,000	900	2,26,862
Exercised during the period	-	-	-	-
Forfeited during the period	900	(8,088)	900	(4,044)
Expired during the period	-	-	-	-
Outstanding at the end of the period	**900**	**3,20,730**	**900**	**2,22,818**
Exercisable at the end of the period	900	1,34,910	-	-
Weighted average share price (₹)*	Not applicable	Not applicable	Not applicable	Not applicable
Weighted average remaining contractual life of options outstanding at the end of the year		2.10		1.66

* Weighted average share price disclosure is not applicable since share options are not exercised during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

ii) Fair value of the options granted:

The Company has recorded employee stock-based compensation expense relating to the options granted to the employees on the basis of fair value of options.

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

Fair value and assumptions for the equity-settled grant made on 1 November 2017.

Grant ESOP 2017	Vesting dates		
Grant Date: 1 November 2017 Exercise price - ₹ 900	**01-Nov-18**	**01-Nov-19**	**01-Nov-20**
Fair value of option	668	706	749
Input variables :			
Share price as on grant date	1,500	1,500	1,500
Standard deviation (Volatility)	43.46%	41.57%	43.21%
Risk-free rate	6.45%	6.52%	6.58%
Time to maturity	1.5	2.5	3.5
Dividend yield	2.52%	2.52%	2.52%

Fair value and assumptions for the equity-settled grant made on 25 October 2018.

Grant Date: 25 October 2018 Exercise price- ₹ 900	Vesting date 25-Oct-19
Fair value of option	213
Share price as on grant date	916
Standard deviation (Volatility)	31.07%
Risk-free rate	7.47%
Time to maturity	2.5
Dividend yield	2.86%

Modification

The Company modified the Employee Stock Option Plan-2017 (ESOP- 2017) as at 11 August 2018. The exercise period of the options was modified to 3 years (original 1 year) from the vesting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
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The incremental fair values and assumptions used for computation of such incremental fair values are as under:

Grant: ESOP 2017 Exercise period – 3 years (Revised terms)	Grant date: 01 November 2017 Modification date: 11 August 2018 Fair valuation date: 11 August 2018		
Vesting dates	**1-Nov-18**	**1-Nov-19**	**1-Nov-20**
Input variables			
Stock Price per share (₹)	1,100	1,100	1,100
Standard Deviation (Volatility)	44.93%	41.76%	38.42%
Risk-free Rate	7.54%	7.61%	7.74%
Exercise Price (₹)	900	900	900
Time to Maturity (in years)	2.00	3.00	4.00
Dividend yield	2.52%	2.52%	2.52%
Fair value of option (₹) (A)	**387**	**424**	**447**

Grant: ESOP 2017 Exercise period – 1 year (Original terms)	Fair valuation date: 10 August 2018		
Vesting dates	**1-Nov-18**	**1-Nov-19**	**1-Nov-20**
Input variables			
Stock Price per share (₹)	1,107	1,107	1,107
Standard Deviation (Volatility)	39.21%	44.93%	41.76%
Risk-free Rate	7.22%	7.54%	7.61%
Exercise Price (₹)	900	900	900
Time to Maturity (in years)	1.00	2.00	3.00
Dividend yield	2.52%	2.52%	2.52%
Fair value of option (₹) (B)	**300**	**392**	**429**
Incremental fair value as at modification date (A) – (B)	**87**	**32**	**17**

iii) Rationale for the variables used :

The variables used for calculating the fair values and their rationale are as follows:

A) Stock Price

The latest available closing market price on the National Stock Exchange (NSE) prior to date on which options are granted has been considered for the purpose of valuation.

Under the ESOP Plan of the Company, one option entitles an employee to one equity share of the Company.

B) Volatility

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes-Merton option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

The period to be considered for volatility must be adequate to represent a consistent trend in the price movements. It is also important that movements due to abnormal events get evened out. The guidance note recommends including the historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. Accordingly, we have considered volatility over the expected life of the option.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

The fair value is very sensitive to this variable. Higher the volatility, higher is the fair value. The rationale being, the more volatile a stock is, the more is its potential to go up (or come down), and the more is the probability to gain from the movement in the price. Accordingly, an option to buy a highly volatile stock is more valuable than the one to buy a less volatile stock, for the probability of gaining is lesser in the latter case.

C) Risk free interest rate

The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity approximately equal to the expected life of the options based on the zero-coupon yield curve for government securities.

D) Exercise price

We have considered the exercise price of the options granted to employees based on the information provided by the company.

E) Time to maturity / expected life of options

Time to maturity / expected life of options is the period from the grant date to the date on which option is expected to be exercised. The minimum life of stock option is the minimum period before which the options cannot be exercised and maximum life is the period after which the options cannot be exercised.

In case of modification, the time to maturity / expected life of options period is computed with reference to the modification date.

iv) The expected life of an award of stock options considers the following factors:

a) The expected life must at least include the vesting period.

b) The average lengths of time of similar grants have remained outstanding in the past. If the company does not have sufficiently long history of stock option grants, the experience of an appropriately comparable peer group has been taken into consideration.

c) The expected life of stock options should not be less than half of the exercise period of the stock options issued until and unless the same is supported by historical evidences with respect to stock options issued by the company earlier.

The fair value of each award has been determined based on different expected lives of the options that vest each year, as if the award were several separate awards, each with a different vesting date.

The time to maturity has been estimated as illustrated by the following example. In case of the options granted on 1 April 2017, the earliest date of exercise for the first vesting is one year from the date of grant that is 1 April 2018. Hence, the minimum life of the option is 1 year. The exercise period is three years from the date of vesting as per the ESOP plan; hence the maximum life is 4 years. The expected life is the average of minimum and maximum life, i.e. 2.5 years [(1 + 4) /2]. The time to maturity for the remaining vests has been calculated in a similar manner.

d) Expected dividend yield:

Expected dividend yield is dividend per share divided by market price per share.

The Expected dividend yield of the Company over the life of the option is estimated considering the Company's past dividend policy.

Employee-benefit expenses to be recognised in the Standalone Financial Statements

The Company has recorded employee stock-based compensation of ₹ 986 Lakhs (31 March 2018: ₹ 490 Lakhs) out of which ₹ 368 Lakhs (31 March 2018: ₹ 490 Lakhs) has been recognised in the Statement of Profit and Loss and ₹ 618 lakhs (31 March 2018: ₹ Nil) has been capitalised in the project cost relating to the options granted to the employees of the Company for the year ended 31 March 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 44:
FAIR VALUE MEASUREMENTS

Set out below is a comparison, by class, of the carrying amounts and the fair value of the Company's financial instruments as of 31 March 2019

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	197	-	-	197	197
Bank balances other than above	2,054	-	-	2,054	2,054
Receivables					
- Trade receivables	14	-	-	14	14
Investments	-	4,896	88,439	93,335	93,335
Other financial assets	61	-	-	61	61
Total	**2,326**	**4,896**	**88,439**	**95,661**	**95,661**
Financial liabilities					
Trade payables	-	-	-	-	-
Deposits	1,113	-	-	1,113	1,113
Other financial liabilities	454	-	-	454	454
Total	**1,567**	**-**	**-**	**1,567**	**1,567**

Set out below is a comparison ,by class, of the carrying amounts and the fair value of the Company's financial instruments as of 31 March 2018

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit and loss	inancial assets/li- abilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	51	-	-	51	51
Bank balances other than above	2,578	-	-	2,578	2,578
Receivables					
- Trade receivables	104	-	-	104	104
Investments	-	4,555	1,37,722	1,42,277	1,42,277
Other financial assets	380	-	-	380	380
Total	**3,113**	**4,555**	**1,37,722**	**1,45,390**	**1,45,390**
Financial liabilities					
Trade payables	-	-	-	-	-
Deposits	1,568	-	-	1,568	1,568
Other financial liabilities	330	-	-	330	330
Total	**1,898**	**-**	**-**	**1,898**	**1,898**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

Set out below is a comparison, by class, of the carrying amounts and the fair value of the Company's financial instruments as of 1 April 2017

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	390	-	-	390	390
Bank balances other than above	7,094	-	-	7,094	7,094
Receivables					
- Trade receivables	172	-	-	172	172
Investments	-	-	1,26,236	1,26,236	1,26,236
Other financial assets	416	-	-	416	416
Total	**8,072**	**-**	**1,26,236**	**1,34,308**	**1,34,308**
Financial liabilities					
Trade payables	11	-	-	11	11
Deposits	1,421	-	-	1,421	1,421
Other financial liabilities	140	-	-	140	140
Total	**1,572**	**-**	**-**	**1,572**	**1,572**

The following methods and assumptions were used to estimate the fair values / amortised cost as applicable

i. The fair values of equity instruments and mutual funds are measured using Level 1 hierarchy. There have been no transfers among Level 1, Level 2 and Level 3 during the year.

ii. The management assessed that the fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables, deposits and other financial assets and liabilities approximate their carrying amounts.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

iii. The fair value of the quoted equity shares and mutual fund are based on the price quotations at reporting date.

iv. The fair value of unquoted instruments - The Company has not performed the fair valuation of its investments in unquoted ordinary shares which are disclosed at amortised cost (Refer Note 9), since the same are fully impaired/held at nominal value.

v. The fair value of other financial liabilities as well as other financial assets is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 45:
FINANCIAL RISK MANAGEMENT

The Company's activities exposes it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

The Company has in place a mechainsm to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through risk mitigation actions on a continuing basis.

(A) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

The Company does not have any foreign currency obligation nor does it have any borrowings. Accordingly, the Company does not perceive any foreign currency risk or interest rate risk.

(B) Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of the Company's investments measured at fair value through other comprehensive income and fair value through profit and loss exposes the Company to equity price risks. These investments are subject to changes in the market price of securities.

The fair value of Company's investment as at 31 March 2019 in quoted equity securities was ₹ 88,439 Lakhs and mutual funds was ₹ 4,896 Lakhs (31 March 2018: ₹ 1,37,722 lakhs quoted equity shares and ₹ 4,555 lakhs in mutual funds). The impact of change in equity price risk is as under:

	31 March 2019		31 March 2018	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Impact on statement of profit and loss				
Mutual funds	490	(490)	456	(456)
Impact on statement of comprehensive income				
Equity shares	8,844	(8,844)	13,772	(13,772)

(C) Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables).

I. Trade receivables

Credit risk is the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly. The credit period offered to customers is 30 days from the date of invoice.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

Ageing analysis of trade receivables / Unbilled receivables

Particulars		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Not yet due to due upto 1 year		14	14	99
Overdue 1 year to 2 years		-	-	230
Overdue 2 year to 3 years		55	515	283
		69	**529**	**382**
Provision for expected credit loss		41	121	47
Net amount		**28**	**408**	**335**

Movement of provision for expected credit loss:

	Amount
Provision for expected credit loss as on 1 April 2017	**47**
Change during the year (Net)	74
Provision for expected credit loss as on 31 March 2018	**121**
Change during the year (Net)	(80)
Provision for expected credit loss as on 31 March 2019	**41**

Credit risk on cash and cash equivalents and other bank balances is insignificant as the Company generally invests in bank deposits and liquid mutual funds with high credit ratings.

(D) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The flexibility in funding is maintained by finance department thereby maintaining availability of adequate inflows.

The Company had no outstanding bank borrowings as of 31 March 2019, 31 March 2018 and 1 April 2017. The working capital of the Company is positive as at each reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	On demand	Upto 1 year	More than 1 year upto 3 years	More than 3 years
As at 31 March 2019				
Trade payables	-	-	-	-
Deposits*	-	78	1,313	-
Other financial liabilities	74	380	-	-
	74	**458**	**1,313**	-
As at 31 March 2018				
Trade payables	-	-	-	-
Deposits*	-	1,608	23	-
Other financial liabilities	63	267	-	-
	63	**1,875**	**23**	**-**
As at 1 April 2017				
Trade payables	-	11	-	-
Deposits*	-	40	1,588	-
Other financial liabilities	52	88	-	-
	52	**139**	**1,588**	**-**

* The discounted value of deposits as per balance sheet as at 31 March 2019 is ₹ 1,113 lakhs repayable upto 1 year; ₹ 78 lakhs repayable after more than 1 year ₹ 1,035 lakhs ; (31 March 2018: ₹ 1,544 lakhs repayable upto 1 year; ₹ 23 lakhs repayable after more than 1 year; 1 April 2017: ₹ 40 lakhs repayable upto 1 year; ₹ 1,383 lakhs repayable after more than 1 year)

NOTE 46:

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- Maintain an optimal capital structure to reduce the cost of capital.

The Company's capital structure completely comprises of equity component. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares etc.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019, 31 March 2018 and 1 April 2017.

NOTE 47:

DIVIDEND

The Board of Directors have proposed Final Dividend of ₹ 21 per equity share for FY 2018-19 (₹ 21 for the FY 2017-18 (i.e. 210%)).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 48:

FIRST-TIME ADOPTION

Transition to Ind AS

These are the Company's first Financial Statements prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the Financial Statements for the year ended 31 March 2019, the comparative information presented in these Financial Statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in Financial Statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

I Exemptions availed

a) Provision for dismantling obligation

The Company has availed first-time adoption exemption with respect to existing decommissioning and restoration obligation. The Company has

a) measured the liability as at the date of transition;

b) estimated the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk adjusted discount rate that would have been applied for that liability over the intervening period; and

c) calculated the accumulated depreciation on that amount, as at the date of transition to Ind AS, on the basis of the current estimate of the useful life of the asset.

b) Investments in subsidiaries

The Company has elected to measured its investment in subsidiary at cost.

II Exceptions applied

a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2017, are consistent with the estimates as at the same date made in conformity with previous GAAP.

b) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Explanation of transition to Ind AS:

The below mentioned reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101 for the following:

- equity as at 1 April 2017; equity as at 31 March 2018 and profit for the year ended 31 March 2018

There are no material adjustments to the CashFlow Statements

In the reconciliations mentioned above, certain reclassifications have been made to previous GAAP financial information to align with the Ind AS presentation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Reconciliation of equity as at 1 April 2017 (Date of transition to Ind AS):

	Note No.	Indian GAAP 1 April 2017	Ind AS adjustments	Ind AS 1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents		390	-	390
Bank balances other than note above		7,094	-	7,094
Receivables				
(i) Trade receivables	e	178	(6)	172
Investments	a, b	50,504	75,732	1,26,236
Other financial assets	e	458	(42)	416
		58,624	**75,684**	**1,34,308**
Non-financial assets				
Investment in subsidiaries		17,526	-	17,526
Inventories		2	-	2
Current tax assets (Net)		617	-	617
Deferred tax assets (Net)		-	-	-
Investment property		608	-	608
Property, plant and equipment	f	669	(77)	592
Capital work-in-progress		18	-	18
Other non-financial assets		31	-	31
		19,471	**(77)**	**19,394**
Total assets		**78,095**	**75,607**	**1,53,702**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		11	-	11
Deposits	d	1,628	(207)	1,421
Other financial liabilities		140	-	140
		1,779	**(207)**	**1,572**
Non-Financial Liabilities				
Provisions		232	-	232
Deferred tax liabilities (Net)	g	95	(83)	12
Other non-financial liabilities	d	5	191	196
		332	**108**	**440**
Total liabilities		**2,111**	**(99)**	**2,012**
EQUITY				
Equity share capital		971	-	971
Other equity	a, b, d, e, f, g	75,013	75,706	1,50,719
		75,984	**75,706**	**1,51,690**
Total liabilities and equity		**78,095**	**75,607**	**1,53,702**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Reconciliation of equity as at 31 March 2018:

	Note No.	Indian GAAP 31 March 2018	Ind AS adjustments	Ind AS 31 March 2018
ASSETS				
Financial assets				
Cash and cash equivalents		51	-	51
Bank balances other than above		2,578	-	2,578
Receivables				
- Trade receivables	e	110	(6)	104
Investments	a,b	55,882	86,395	1,42,277
Other financial assets	e	442	(62)	380
		59,063	**86,327**	**1,45,390**
Non-financial assets				
Investment in subsidiaries		17,526	-	17,526
Inventories		-	-	-
Current tax assets (Net)		1,059	-	1,059
Deferred tax assets (Net)	g	19	(1)	18
Investment property		672	-	672
Property, plant and equipment	f	3,201	(69)	3,132
Capital work-in-progress		236	-	236
Other non-financial assets		161	-	161
		22,874	**(70)**	**22,804**
Total assets		**81,937**	**86,257**	**1,68,194**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
Deposits	d	1,632	(64)	1,568
Other financial liabilities		330	-	330
		1,962	**(64)**	**1,898**
Non-Financial Liabilities				
Provisions		270	-	270
Other non-financial liabilities	d	20	56	76
		290	**56**	**346**
Total liabilities		**2,252**	**(8)**	**2,244**
EQUITY				
Equity share capital		971	-	971
Other equity	a, b, d, e, f, g	78,714	86,265	1,64,979
		79,685	**86,265**	**1,65,950**
Total liabilities and equity		**81,937**	**86,257**	**1,68,194**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Reconciliation of total comprehensive income as at 31 March 2018

	Note No.	Indian GAAP 31 March 2018	Ind AS adjustments	Ind AS 31 March 2018
Revenue from operations				
Interest income		367	-	367
Dividend income		3,090	-	3,090
Net gain on fair value changes	b	-	132	132
Revenue from windmill operation		248	-	248
Total Revenue from Operations		**3,705**	**132**	**3,837**
Other income	d, a	4,336	(959)	3,377
Total Income		**8,041**	**(827)**	**7,214**
Expenses				
Finance costs	d	13	142	155
Impairment on financial instruments	e	56	20	76
Employee benefit expenses	c	984	(13)	971
Depreciation and amortization expense	f	158	(8)	150
Corporate social responsibility expense		63	-	63
Operating and other expenses		883	-	883
Total Expenses		**2,157**	**141**	**2,298**
Profit / (loss) before tax		**5,884**	**(968)**	**4,916**
Tax expense				
- Current tax		706	-	706
- Deferred tax	g	(120)	88	(32)
Total tax expenses		**586**	**88**	**674**
Profit for the year		**5,298**	**(1,056)**	**4,242**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
a) Gain/(loss) on remeasurements of defined benefit plan	c	-	(13)	(13)
b) Gain/(loss) on fair valuation of quoted investments in equity shares	a	-	11,623	11,623
c) Income tax expenses / (reversal) relating to items that will not be reclassified to profit or loss	g	-	(3)	(3)
Other Comprehensive Income		**-**	**11,613**	**11,613**
Total Comprehensive Income for the year		**5,298**	**10,557**	**15,855**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

Notes:

a) FVTOCI financial assets

Under Indian GAAP, the Company accounted for long term investments in equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. The difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity.

b) FVTPL financial assets

Under Indian GAAP, current investments in mutual funds are measured at cost or net realisable value, whichever is lower. Under Ind AS, investments in mutual funds are classified as 'fair value through profit or loss' and are measured at fair value at each reporting date. The subsequent changes in the fair value of such investments are recognised in statement of profit and loss.

c) Employee benefit expenses - actuarial gains and losses

Under Indian GAAP, actuarial gains and losses on post-employment defined benefit plans are recognised immediately in statement of profit and loss. Under Ind AS, remeasurements which comprise of actuarial gains and losses, return on plan assets and changes in the effect of asset ceiling, if any, with respect to post-employment defined benefit plans are recognised immediately in other comprehensive income (OCI). Further, remeasurements recognised in OCI are never reclassified to statement of profit and loss.

d) Interest-free security deposits received

Under Indian GAAP, interest-free lease security deposits received are reported at their transaction values. Under Ind AS, interest-free security deposits are measured at fair value on initial recognition and at amortised cost on subsequent recognition. The difference between the transaction value and fair value of the lease deposit at initial recognition is treated as pre-received lease rentals. This amount is recognised in statement of profit and loss on a straight line basis over the lease term.

e) Expected credit loss

Under Indian GAAP, provision for doubtful debts is recognised on an incurred credit loss model. Under Ind AS, such provision is recognised on an expected credit loss model. The Company uses a provision matrix to determine impairment loss of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable. At every reporting date, the historically observed default rates are updated, and changes in estimates are analysed.

f) Provision for dismantling obligation

Under Indian GAAP, provision for dismantling obligation is recognised in accordance with AS 10 (Revised). The obligation is measured as on the date of initial application of standard and capitalised in the cost of property, plant and equipment. Under Ind AS, the Company has capitalised the obligation in the cost of the respective asset as on the date on which obligation first arose.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

g) Deferred tax

Under Indian GAAP, deferred taxes are recognised using income statement approach i.e. reflecting the tax effects of timing differences between accounting income and taxable income for the period. Under Ind AS, deferred taxes are recognised using balance sheet approach i.e. reflecting the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using the income tax rates enacted or substantively enacted at reporting date. Also, deferred taxes are recognised on account of the above mentioned changes explained in notes (a) to (f), wherever applicable, are summarised below.

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

P.P. Kulkarni
Partner
Membership Number: 035217
Pune: 16 May 2019

Ashwini Mali
Company Secretary
ACS 19944

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune: 16 May 2019

FORM AOC-1
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES :

Part "A" : Subsidiaries **(₹ in lakhs)**

1	Name of the Subsidiaries	Kirloskar Ferrous Industries Limited
2	The date since when subsidiary was acquired	31 May 2013
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting Period	N.A
4	Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A
5	Share Capital	6,882
6	Reserves & Surplus	58,929
7	Total Assets	1,38,995
8	Total Liabilities	73,184
9	Investments	1
10	Turnover	2,15,915
11	Profit Before taxation	14,671
12	Provision for Taxation	4,860
13	Profit after taxation	9,811
14	Proposed Dividend	1,376
15	% of Shareholding	51.32%
16	Names of subsidiaries which are yet to commence operations	-
17	Names of subsidiaries which have been liquidated or sold during the year	-

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

P.P. Kulkarni
Partner
Membership Number: 035217
Pune: 16 May 2019

Ashwini Mali
Company Secretary
ACS 19944

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune: 16 May 2019

Part "B" : Associates and Joint Ventures

1	Name Of Associates	**Not Applicable**
2	Latest audited Balance Sheet Date;	
3	Date on which the Associate was associated or acquired;	
4	Shares of Associate held by the company on the year end;	
5	Amount of Investment in Associates (Rs in Lakhs)	
6	Extent of Holding (in percentage);	
7	Description of how there is significant influence;	
8	Reason why the associate/Joint venture is not consolidated;	
9	Net worth attributable to shareholding as per latest audited Balance Sheet;	
10	Profit or Loss for the year;	
	Considered in Consolidation;	
	Not Considered in Consolidation;	
11	Names of associates which are yet to commence operations;	
12	Names of associates which have been liquidated or sold during the year;	

Note :

For the Financial Year ending 31 March 2019, the Company has no Joint Venture & Associate.

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

P.P. Kulkarni
Partner
Membership Number: 035217
Pune: 16 May 2019

Ashwini Mali
Company Secretary
ACS 19944

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune: 16 May 2019


KAIROS

CONSOLIDATED BALANCE SHEET

To the Members of Kirloskar Industries Limited

Report on the Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying Consolidated Financial Statements of Kirloskar Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiary Kirloskar Ferrous Industries Limited (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and notes to the Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statement ").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We did not audit the financial statements of the subsidiary, Kirloskar Ferrous Industries Limited as at and for the year ended on March 31, 2019, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our identification and reporting of the Key Audit Matters, in so far as it relates to the subsidiary, is based solely on the report of the other auditor.

The matters described below have been determined to be the Key Audit Matters for the Group:

Sr. No	Particulars	Auditors Response
1.	**Accuracy of Cost of Goods Sold** We identified Cost of Goods sold area as a key audit matter for the Group because it is the most significant cost of the Group, which comprise cost of materials and other direct costs of production and the same has significant impact on the profitability of the Group.	We assessed the Group's process to verify the Cost of Goods Sold incurred during the year. Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Overall evaluation and testing of controls related to corresponding business processes viz., 'Procurement to Payment (P2P), Production Process, Material Requirement Planning (MRP), Inventory policy and stores procedures. • Review of overall operations and production / conversion process of materials into finished products. • Review of Internal Audit reports and internal management reports relating to COGS. • Physical verification of inventory items on random sampling basis with reference to book inventory for accuracy and controls including review of internal perpetual period-end inventory procedures and reconciliations. • Reviewing completeness and overall accuracy of system generated material consumption and reconciling with General Ledger, including manual accounting entries relating to material consumption. • Review of inventory valuation, material consumption in accordance with applicable Indian Accounting Standards.
2.	**Accuracy and Completeness of Capital Expenditure** Capital Expenditure (CAPEX) has been considered as a key audit matter in view of the complexity and peculiarity of nature of business and being one of the important elements of costs.	We assessed the Group's process to verify the Capital Expenditure incurred during the year. Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing, which is as follows: • Review of CAPEX business process, flow of documents / information and their controls effectiveness. • Substantive Tests on random sampling for all the major additions, deletions to the assets by applying all the characteristics of capital expenditure, proper classification of the same, with reference to the Group's policy and accounting standards. • Scrutiny of relevant general ledger accounts to assess if the expenditure has been correctly accounted for. • Physical verification on test basis, review of physical verification carried out by the Management with respect to book records, review of internal audit reports findings relating to Capex, if any and implementation of the suggestions of the same. • Review of compliance done with respect to Companies Act, Income Tax Act, Customs duty, and GST Act., particularly for accounting of CAPEX additions, deletions, depreciation and of carrying amounts thereof.

4. Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Report of the Board of Directors and the Report on the Corporate Governance but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the respective company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of those companies.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary which are companies incorporated in India, have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Other Matters

We did not audit the financial statements of the subsidiary, Kirloskar Ferrous Industries Limited whose financial statements reflect total assets of ₹ 1,38,992 lakhs as at March 31, 2019, total revenues of ₹ 2,16,468 lakhs and net cash flows amounting to ₹ 107 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-Sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

8. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015.

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary, none of the directors of the Group companies is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “Annexure A” to this report.

g. As per the information and explanations given to us, we report that, the managerial remuneration has been paid and provided in accordance with Section 197 of the Act and recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, which is subject to the approval from the members of the Company.

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 Auditor’s) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, – Refer Note 44 to the Consolidated Financial Statements.

   ii. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2019.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India during the year ended March 31, 2019.

For G. D. Apte & Co
Chartered Accountants
Firm Registration Number: 100 515W

Sd/-
P. P. Kulkarni
Partner
Membership Number: 035217
Pune, May 16, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KIRLOSKAR INDUSTRIES LIMITED

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

We have audited the internal financial controls over financial reporting of Kirloskar Industries Limited (hereinafter referred to as "Holding Company") as of March 31, 2019 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary, which is a Company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India (ICAI). 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 the respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Holding Company and its subsidiary, which are companies incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our 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 Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of the report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting with reference to Financial Statements:

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 with reference to Financial Statements:

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 our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of other auditor as mentioned in Other Matter paragraph, the Holding Company and its subsidiary which are companies incorporated in India, have maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to financial statements insofar as it relates to the subsidiary which is a Company incorporated in India, is based solely on the corresponding report of the auditor of the subsidiary incorporated in India.

Our opinion is not modified in respect of the above matter.

For G. D. Apte & Co.
Chartered Accountants
Firm registration number: 100515W

Sd/-
P. P. Kulkarni
Partner
Membership No.: 035217
Pune, May, 16 2019

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CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Note No.	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	ASSETS				
1	**Financial Assets**				
(a)	Cash and cash equivalents	6	299	257	1,341
(b)	Bank balances other than (a) above	7	2,491	2,977	7,405
(c)	Derivative financial instruments	8	-	46	-
(d)	Receivables	9			
	- Trade receivables		38,036	29,301	21,376
(e)	Investments	10	93,336	1,42,278	1,26,237
(f)	Other financial assets	11	1,012	1,374	1,442
			1,35,174	1,76,233	1,57,801
2	**Non-Financial Assets**				
(a)	Inventories	12	24,627	21,719	12,188
(b)	Current tax assets (Net)	13	2,465	2,071	1,534
(c)	Deferred Tax assets (Net)	42	-	18	-
(d)	Investment property	14	1,981	672	608
(e)	Property, plant and equipment	15	62,655	58,813	57,590
(f)	Capital work-in-progress	16	6,215	7,568	1,906
(g)	Intangible assets	15	338	397	418
(h)	Other non-financial assets	17	10,693	3,101	2,863
			1,08,974	**94,359**	**77,107**
	TOTAL ASSETS		**2,44,148**	**2,70,592**	**2,34,908**
	LIABILITIES AND EQUITY				
	LIABILITIES				
1	**Financial Liabilities**				
(a)	Derivative financial instruments	18	456	-	299
(b)	Trade payables	19			
	(i) total outstanding dues of micro enterprises and small enterprises		1,234	687	205
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		42,289	35,088	16,154
(c)	Borrowings (Other than debt securities)	20	11,488	7,239	11,114
(d)	Deposits	21	1,114	1,567	1,422
(e)	Other financial liabilities	22	6,126	7,195	3,202
			62,707	51,776	32,396
2	**Non-Financial Liabilities**				
(a)	Provisions	23	1,142	924	900
(b)	Deferred tax liabilities (Net)	24, 42	9,536	8,263	8,059
(c)	Other non-financial liabilities	25	2,156	1,956	1,132
			12,834	11,143	10,091
	TOTAL LIABILITIES		**75,541**	**62,919**	**42,487**
3	**EQUITY**				
(a)	Equity share capital	26	971	971	971
(b)	Other equity	27	1,35,598	1,77,937	1,63,166
	Equity attributable to owners of the Company		**1,36,569**	**1,78,908**	**1,64,137**
	Non-controlling Interest		32,038	28,765	28,284
	Total Equity		**1,68,607**	**2,07,673**	**1,92,421**
	TOTAL LIABILITIES AND EQUITY		**2,44,148**	**2,70,592**	**2,34,908**
	Notes forming part of the Financial Statements:	Note No. 1 to 53			

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

P.P. Kulkarni
Partner
Membership Number: 035217
Pune : 16 May 2019

Ashwini Mali
Company Secretary
ACS 19944

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune : 16 May 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Note No.	Year ended 31 March 2019	Year ended 31 March 2018
1	**Revenue from Operations**			
(a)	Interest income	28	310	515
(b)	Dividend income		2,161	1,853
(c)	Net gain on fair value changes	29	341	132
(d)	Revenue from sale of products	30	2,16,214	1,76,766
	Total Revenue from Operations		**2,19,026**	**1,79,266**
2	**Other Income**	31	3,640	3,741
3	**Total Income**		**2,22,666**	**1,83,007**
4	**Expenses**			
(a)	Finance costs	32	1,784	1,252
(b)	Cost material consumed	33	1,34,478	1,08,870
(c)	Purchases of Stock-in-Trade		1,397	5,986
(d)	Changes in inventories of finished goods, work-in-progress and by-product	34	(859)	26
(e)	Impairment on financial instruments	35	(71)	(12)
(f)	Employee benefit expenses	36	10,015	9,038
(g)	Depreciation and amortization expense	37	5,676	5,103
(h)	Corporate social responsibility expense	38	247	268
(i)	Operating and other expenses	39	51,236	43,355
5	**Total Expenses**		**2,03,903**	**1,73,886**
6	**Profit before tax**		**18,763**	**9,121**
7	**Tax expense**	**42**		
	- Current tax		4,345	2,146
	- Short/ (Excess) provision of earlier years		(35)	(46)
	- Deferred tax		1,279	216
8	**Total tax expenses**		**5,589**	**2,316**
9	**Profit for the year**		**13,174**	**6,805**
10	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	a) Gain/(loss) on remeasurements of defined benefit plan		32	(106)
	b) Gain/(loss) on fair valuation of quoted investments in equity shares		(49,282)	11,623
	c) Income tax expenses / (reversal) relating to items that will not be reclassified to profit or loss		11	(37)
11	**Other Comprehensive Income**		**(49,261)**	**11,554**
12	**Total Comprehensive Income for the year**		**(36,087)**	**18,359**
	Profit attributable to:			
	- Owners of the Company		8,408	4,961
	- Non-controlling interest		4,766	1,844
	Other Comprehensive Income attributable to:			
	- Owners of the Company		(49,274)	11,584
	- Non-controlling interest		13	(30)
	Total Comprehensive Income attributable to:			
	- Owners of the Company		(40,866)	16,545
	- Non-controlling interest		4,779	1,814
13	**Earnings per equity shares (for continuing operations)**	43		
	[Nominal value of share ₹ 10 (31 March 2018 ₹ 10)]			
	Basic (₹)		86.61	51.09
	Diluted (₹)		86.33	51.03
	Notes forming part of the Financial Statements:	Note No. 1 to 53		

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

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Executive Director
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Partner
Membership Number: 035217
Pune : 16 May 2019

Ashwini Mali
Company Secretary
ACS 19944

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune : 16 May 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 March 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

A. Equity Share Capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No.	₹ Lakhs
As at 1 April 2017	97,08,650	971
Add: Shares issued during the year	-	-
Less : Shares bought back during the year	-	-
As at 31 March 2018	**97,08,650**	**971**
Add: Shares issued during the year	-	-
Less : Shares bought back during the year	-	-
As at 31 March 2019	**97,08,650**	**971**

B. Other Equity

Particulars	Reserves and surplus - Attributable to owners of company						Non-controlling interest	Total
	Security Premium	General Reserve	Capital reserve	Share Options Outstanding Account	Equity instruments through Other Comprehensive Income	Surplus/ (Deficit) in the Statement of Profit and Loss		
As at 1 April 2017	**-**	**33,291**	**4,284**	**-**	**75,732**	**49,859**	**28,284**	**1,91,450**
Profit for the year	-	-	-	-	-	4,961	1,844	6,805
Employee Stock Options Expense	-	-	-	564	-	-	70	634
Measurement of Investments at FVTOCI	-	-	-	-	11,623	-	-	11,623
Remeasurement of defined benefit plans (net of taxes)	-	-	-	-	-	(40)	(30)	(70)
Transfer of amount on sale of investments measured as FVTOCI	-	-	-	-	(1,092)	1,092	-	-
Appropriations:								
- Transfer to general reserve	-	257	-	-	-	(257)	-	-
- Final Dividend for the year 2016-17	-	-	-	-	-	(1,942)	(1,166)	(3,108)
- Tax on Final Dividend for the year 2016-17	-	-	-	-	-	(395)	(237)	(632)
As at 31 March 2018	**-**	**33,548**	**4,284**	**564**	**86,263**	**53,278**	**28,765**	**2,06,702**
Profit for the year	-	-	-	-	-	8,408	4,766	13,174
Employee Stock Options Expense	-	-	-	1,131	-	-	138	1,269
Lapsed of Esop outstanding	-	-	-	(14)	-	14	-	-
Measurement of Investments at FVTOCI	-	-	-	-	(49,282)	-	-	(49,282)
Remeasurement of defined benefit plans (net of taxes)	-	-	-	-	-	7	13	20
Increase on exercise of ESOP	79	-	-	-	-	-	92	171
Transferred to non controling interest on Exercise of ESOP	-	-	-	-	-	(77)	77	-
Appropriations:								
- Transfer to general reserve	-	257	-	-	-	(257)	-	-
- Final Dividend for the year 2017-18	-	-	-	-	-	(2,039)	(834)	(2,873)
- Tax on Final Dividend for the year 2017-18	-	-	-	-	-	(420)	(171)	(591)
- Interim Dividend for the year 2018-19	-	-	-	-	-	-	(670)	(670)
- Tax on interim dividend for the year 2018-19	-	-	-	-	-	(146)	(138)	(284)
As at 31 March 2019	**79**	**33,805**	**4,284**	**1,681**	**36,981**	**58,768**	**32,038**	**1,67,636**

Notes forming part of the Financial Statements: Note No. 1 to 53

As per our attached report of even date
For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

P.P. Kulkarni
Partner
Membership Number: 035217
Pune : 16 May 2019

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune : 16 May 2019

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
A. Cash flow from operating activities				
Net Profit / (Loss) before tax		**18,763**		**9,121**
Adjustments for:				
Depreciation and amortization expense on property, plant and equipment and intangible assets	5,676		5,103	
Unrealise Foreign exchange (Gain/Loss)	(496)		320	
Employees stock option expense	652		634	
Fair valuation of mutual funds	(341)		(132)	
Loss on sale of property, plant and equipment (net)	81		137	
Impairment on financial instruments	(71)		(13)	
Bad debts written off	-		96	
Interest income	(310)		(515)	
Dividend income	(2,161)		(1,853)	
Income from licensing of property	(3,054)		(3,368)	
Provison no longer required written back	(80)		(94)	
Sundry credit balance appropriated	(81)		(100)	
Fair value changes in derivative financial instruments	-		(46)	
Finance Cost	1,784		1,252	
		1,599		1,421
Operating profit / (loss) before working capital changes		**20,362**		**10,542**
Changes in working capital:				
(Increase) / Decrease in inventories	(2,907)		(9,531)	
(Increase) / Decrease in trade receivables	(8,733)		(7,937)	
(Increase) / Decrease in other bank balances	40		-	
(Increase) / Decrease in other financial assets	429		4	
(Increase) / Decrease in other non-financial assets	(2,746)		275	
(Increase) / Decrease in derivative liability	-		-	
Increase / (Decrease) in other financial liabilities	970		(65)	
Increase / (Decrease) in trade payables	8,325		19,196	
Increase / (Decrease) in other non-financial liabilities	(14)		960	
Increase / (Decrease) in provisions	237		(95)	
		(4,399)		2,807
Cash generated from operations		15,963		13,349
Net income tax (paid) / refunds		(4,704)		(2,637)
Net cash flow from / (used in) operating activities		**11,259**		**10,712**
B. Cash flow from investing activities				
Purchase of property, plant and equipment and intangible assets (including capital work in progress)	(16,428)		(8,778)	
Sale of property, plant and equipment and intangible assets (including capital work in progress)	19		75	
Capital advances for purchase of property, plant and equipment	(16)		(71)	
Maturity proceeds of fixed deposits	530		4,528	
Investment in equity instruments	(2)		(956)	
Investment in mutual funds	-		(4,423)	
Proceeds from buy back of equity investments	-		1,096	
Interest income	316		457	
Dividend income	2,161		1,853	
Security Deposits	(243)		2	
Income from licensing of property	2,930		3,232	
Purchase of investment property	(187)		(98)	
Sales Investment Property	146		-	
Net cash flow from / (used in) investing activities		**(10,774)**		**(3,083)**
C. Cash flow from financing activities				
Increase/ (repayment) of borrowings	(50)		(21)	
Interest Paid	(1,596)		(1,076)	
Proceeds from long term borrowings (net)	5,300		-	
Proceeds / (Repayment) from short term borrowings	149		(3,875)	
Increase / (Decrease) on issue of equity shares	170		-	
Dividend paid (including tax on distribution profits)	(4,416)		(3,741)	
Net cash flow from / (used in) financing activities		**(443)**		**(8,713)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**42**		**(1,084)**
Cash and cash equivalents at the beginning of the year		257		1,341
Cash and cash equivalents at the end of the year (Refer Note 6)		**299**		**257**

Notes:

1 The above cash- flow statement has been prepared under the indirect method setout in Indian Accounting Standard (Ind AS) -7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015.

2 Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.

3 All figures in brackets indicate outflow.

As per our attached report of even date
For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

P.P. Kulkarni
Partner
Membership Number: 035217
Pune : 16 May 2019

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
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Ashwini Mali
Company Secretary
ACS 19944

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune : 16 May 2019

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 1:
CORPORATE INFORMATION

Kirloskar Industries Limited ("the Company" / "Holding Company") is a public company incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India, namely the BSE Limited and the National Stock Exchange of India Limited.

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiary (together referred to as "the Group"). The Group is engaged in wind-power generation and manufacturing of iron castings.

The Consolidated Financial Statements of the Group for the year ended 31 March 2019, were authorised for issue in accordance with a resolution of the Board of Directors on 16 May 2019.

NOTE 2 :
BASIS OF PREPARATION

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act.

For all periods up to and including the year ended 31 March 2018, the Group prepared its Consolidated Financial Statements in accordance with Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These Consolidated Financial Statements for the year ended 31 March 2019, are the first Consolidated Financial Statements that the Group has prepared in accordance with Ind AS. Refer Note 53 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Investment in equity instruments	Fair value through other comprehensive income
Investment in mutual funds and derivative instruments	Fair value through profit and loss
Share-based payment	Fair value

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the group. A change in the ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

Functional and presentation currency

The items included in the Financial Statements of the Group are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian rupee (₹) rounded off to nearest lakhs (unless otherwise stated), which is the Group's functional and presentation currency.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 3:
SIGNIFICANT ACCOUNT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Contingent liability

The Group has received various orders and notices from different Government authorities and tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyses current information about these matters and discloses the information relating to contingent liability. In making the decision regarding the need for creating loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

ii. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU)exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Site restoration and decommissioning obligation

A provision is recognised when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The Group estimates the liability for decommission and restoration obligation using the best estimates available at each reporting date.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Deferred tax

Deferred tax assets are recognised for all the deductible temporary differences including carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused losses can be utilised.

Estimation and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

NOTE 4 :
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing its Consolidated Financial Statements:

a) Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiary as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to subsidiary's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of the subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31.

In preparing the Consolidated Financial Statements, the Group has used the following key consolidation procedures:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

b) Offset (eliminate) the carrying amount of the Holding Company's investment in the subsidiary and the Holding Company's portion of equity of the subsidiary.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 - Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Name of the Company	Country of incorporation	Parent's ultimate holding as on 31.03.2019	Reporting date	Status
Kirloskar Ferrous Industries Limited	India	51.32%	31.03.2019	Subsidiary

b) Foreign currency transactions and balances

Transactions on foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transaction settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

c) Fair value measurement

The Group measures financial instruments such as investments in equity shares, mutual funds etc. at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Refer Note 49)
- Financial instruments (including those carried at amortised cost) (Refer Note 50)

d) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost net of accumulated depreciation and impairment losses, if any.

The cost comprises of the purchase price and directly attributable costs of bringing the asset to its working condition for the intended use. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, where the Group has such contractual obligation. Any trade discounts and rebates are deducted in arriving at the purchase price. Each part of item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Borrowing costs attributable to construction or acquisition of a qualifying asset for the period upto the date, the asset is ready for its intended use are included in the cost of the asset to which they relate.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under 'Other non-current assets.'

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of the property, plant and equipment are recognised in the Statement of Profit and Loss as incurred.

Depreciation and Amortisation

(i) The Group has provided for depreciation using the straight-line method, based on the useful lives specified in Schedule II Part C to the Companies Act, 2013, except in case of the following assets:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Type of assets	Useful lives considered	Useful life as per Schedule II to the Companies Act, 2013	Justification for Deviation
Plant and Equipments:			Based on past history of usage and supported by Technical Evaluation Report
a) Turbo Generator	20 years	40 years	
b) Plant and Equipment under Lease	5 Years	15 years	
c) Machinery Spares	2 to 10 years	15 years (general rate)	Based on past history of usage and supported by Technical Evaluation Report
d) Patterns	8 years	15 years (general rate)	
Office Equipments			
Equipment installed at employee's residence	3 Years	5 years	As per the terms of the Company's policy
Vehicles	5 years	6 to 8 years	As per the terms of the Company's policy
Windmills	20 years	22 years	Technical Evaluation Report

(ii) Freehold land is not depreciated.

(iii) Dismantling and restoration costs of Windmills are depreciated over remaining useful life of the windmill.

(iv) All items of property, plant and equipment individually costing ₹ 5,000 or less are fully depreciated in the year of installation.

(v) Depreciation is recognised in the statement of profit and loss from the month in which the asset is acquired while the depreciation on assets sold during the year is recognised in the statement of profit and loss till the month prior to the month in which the asset is sold.

Disposals / derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost comprising of the consideration paid for acquisition less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives i.e. softwares are amortized on a straight-line basis over the period of expected future benefits i.e. over their estimated useful lives of six years. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

f. Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are expensed in the period in which they are incurred.

g. Revenue recognition:

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

(i) Income from power generation is recognised on supply of power to the grid and recognised in accordance with the terms and conditions of the contract with the Open Access Consumer.

The unutilised units by the open access consumer are initially recognised at a rate which is estimated on the basis of latest available rates as per MSEDCL circulars/orders. The same are subsequently billed upon determination of the billable rate / units after verification by MSEDCL in accordance with the rules and regulations. The difference between the initial accrual and final billing is adjusted with the revenue of the year in which the billing is done.

(ii) Income from the sale of Renewable Energy Certificates (RECs) is recognised on an accrual basis at the time when the contract to sale is entered.

(iii) Sales of iron castings is recognised when substantial control of the products has been transferred to the customer, being when the products are delivered to the customer or its authorised representative and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the sales order, net of the estimated discounts, rebates, returns and goods and service tax. The company's obligation to provide a refund for defects in the products is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group does not have any payment terms exceeding one year for any contract. Accordingly, the group does not adjust any of the transaction prices of the time value of money.

(iv) Dividend is recognised as income when right to receive it is established.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

(v) Interest on fixed deposits with banks, debentures, bonds etc. is recognised on a time proportion basis taking into account the amount outstanding and rate applicable. In case of significant uncertainty of receiving interest, the same is not recognised though accrued and is recognised only when received.

Interest income from debt instruments is recognised using Effective Interest Rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instruments or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

(vi) Profit/ Loss of the sale /redemption of investments is dealt with at the time of actual sale/redemption.

h. Expenditure on Corporate Social Responsibility (CSR Activities)

The expenditure on CSR activities is recognised in the Statement of Profit and Loss upon utilisation by the trust/NGO to which the funding is made by the Group. The expenditure on CSR activities conducted by the Group is recognised in the Statement of Profit and Loss, on an accrual basis as and when the activities are undertaken.

i. Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Company and the same taxation authority.

j. Investment property

As investment in land and/or buildings that are not intended to be occupied substantially for use by or in the operations of the Group, the same is classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortise the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II of the Act.

Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement Profit and Loss in the period of derecognition.

k. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to the transition date to Ind AS i.e. 1 April 2017, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Company as lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

l. Inventories

- Raw materials are valued at lower of cost and net realizable value. Cost of raw material is determined on a weighted average basis.
- Work in process is valued at cost. Finished goods other than by-products are valued at lower of cost and net realisable value. Cost includes cost of raw material, conversion cost and other cost incurred in bringing the inventories to their present location and condition. Cost is arrived at by absorption cost method.
- By-products are valued at net realisable value.
- Renewable Energy Certificates (RECs) are recognised upon application for certification to the respective authorities till such units are sold and valued at lower of cost and net realizable value. Cost comprises of costs incurred for certification of RECs. Net realizable value of RECs is the estimated selling price in the ordinary course of business.
- Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the management and the value of inventory is net of such provision.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

m. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

As impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

n. Provisions

A provision is recognised when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the Consolidated Financial Statements.

Contingent assets are not recognised in Financial Statements. However, contingent assets are disclosed where inflow of economic benefits are probable.

p. Retirement and other employee benefits

a. Short term Employee Benefits

The distinction between short term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits and is required for the purpose of measurement of the obligations. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, bonus, short term compensated absences, awards, etc. and are recognised in the period in which the employee renders the related service.

b. Post-employment benefits

(i) Defined contribution plan

The eligible employees of the Group are entitled to receive benefits under the Provident Fund and Superannuation Scheme, which are defined contribution plans. In case of Provident Fund, both the employee and the Group contribute monthly at a stipulated rate to the government provident fund, while in case of superannuation, the Group contributes to Life Insurance Corporation of India at a stipulated rate. The Group has no liability for future Provident Fund or Superannuation benefits other than its annual contributions which are recognised as an expense in the year on an accrual basis.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

The Group recognizes contribution payable as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

(ii) Defined benefit plan

The Group operates a defined benefit plan for its employees, viz. gratuity. The present value of the obligation or asset under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

The net interest cost is calculated by applying the discount rate to the balance of the net defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity..

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iii) Other long-term employment benefits

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity.

q. Share based payments

Eligible employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment ("SBP") reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense/vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options including options in the subsidiary is reflected as additional share dilution in the computation of diluted earnings per share.

r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest income from these financial assets is included in finance income using the effective interest rate method.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group has made an irrevocable election to present subsequent changes in the fair value in the OCI. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group transfers the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss at each reporting date.

Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost
- Trade receivables or any contractual right to receive cash or another financial asset

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

– Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value net of, in the case of financial liabilities not classified as FVTPL, transaction costs that are attributable to the issue of the financial liability. Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated as such upon initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated as such upon initial recognition at the initial date of recognition if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognised in OCI. These gains/ losses are not subsequently transferred to the statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

Financial liabilities at amortised cost

The Group generally classifies interest bearing borrowings as financial liabilities carried at amortised cost. After initial recognition, these instruments are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liability

A financial liability (or a part of a financial liability) is derecognised from the balance sheet when,

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

c. Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in other equity as a deduction, net of tax, from the proceeds.

d. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Group are segregated.

t. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. In the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered as integral part of the Group's cash management.

u. Dividend

The Group recognises a liability to make cash distributions to the equity holders of the Group when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the provisions of the Act, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

v. Earnings per share (EPS)

Basic EPS is calculated by dividing the Group's earnings for the year attributable to ordinary equity shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. The earnings considered in ascertaining the Group's EPS comprise the net profit after tax attributable to equity shareholders. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares including the dilution on account of Stock Options of the subsidiary.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

w. Segment reporting

i. Identification of segment

An operating segment is a component of a company whose operating results are regularly reviewed by the Group's Chief Operating Decision Makers (CODMs) to make decisions about resource allocation and assess its performance and for which discrete financial information is available.

ii. Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment. Common allocable costs are allocated to each segment pro-rata on the basis of revenue of each segment to the total revenue of the Group. The remainder is considered as un-allocable expense.

iii. Segment policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole.

x. Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

NOTE 5:
RECENT ACCOUNTING PRONOUNCEMENTS

Standards issued but not yet effective

'Ind AS 116: Leases' issued by MCA shall replace existing standard 'Ind AS 17: Leases' and its related appendices. The new standard is effective from the accounting periods starting on or after 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. No significant impact is expected for leases in which the Group is a lessee / lessor.

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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
NOTE 6 : CASH AND CASH EQUIVALENTS			
Cash on hand	1	1	2
Balances with banks			
- On current accounts	123	256	970
- Fixed deposits having original maturity less than 3 months	175	-	369
Total	**299**	**257**	**1,341**
NOTE 7 : BANK BALANCES OTHER THAN NOTE (6) ABOVE			
Earmarked balances			
Unclaimed dividend accounts	425	376	333
Unclaimed fractional shareholdings account	-	3	3
Other bank balances			
Margin money deposits	1	1	1
Deposits with banks	2,065	2,597	7,068
Total	**2,491**	**2,977**	**7,405**
NOTE 8 : DERIVATIVE FINANCIAL INSTRUMENTS			
Derivative assets			
Foreign currency forward contract	-	46	-
Total	**-**	**46**	**-**
NOTE 9 : RECEIVABLES			
Trade receivables			
- Unsecured, considered good	38,036	29,301	21,376
-Receivables which have significant increase in credit risk	270	261	350
Less : Allowance for bad and doubtful trade receivable	(270)	(261)	(350)
	-	-	-
- Unsecured, credit impaired	2	13	6
Less: Allowance for impairment loss	(2)	(13)	(6)
Sub-total	**-**	**-**	**-**
Total	**38,036**	**29,301**	**21,376**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 10 :
INVESTMENTS

		Face Value	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
		(₹)	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
(A)	**Measured at fair value through other comprehensive income**							
(i)	*(Quoted equity instruments, fully paid)*							
	Kirloskar Pneumatic Company Limited*	2/10	64,22,990	13,167	12,84,598	9,635	11,86,866	13,962
	Swaraj Engines Limited #	10	21,14,349	29,788	21,14,349	42,386	21,60,000	32,044
	Pneumatic Holdings Limited	10	-	-	-	-	100	1
	Kirloskar Brothers Limited	2	1,89,88,038	31,074	1,89,88,038	58,996	1,89,88,038	48,334
	Kirloskar Oil Engines Limited	2	82,10,439	14,405	82,10,439	26,700	82,10,439	31,889
	Cummins India Limited	2	683	5	683	5	683	6
				88,439		**1,37,722**		**1,26,236**
(ii)	*(Unquoted equity instruments, fully paid)*							
	S. L. Kirloskar CSR Foundation	10	19,600	1	19,600	1	19,600	1
	Kirloskar Proprietary Limited	100	1	-	1	-	1	-
	The Mysore Kirloskar Limited (In liquidation)	10	1,13,460	27	1,13,460	27	1,13,460	27
	Less: Provision for impairment loss			(27)		(27)		(27)
				-		-		-
				1		1		1
	Sub-total (A)			**88,440**		**1,37,723**		**1,26,237**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Face Value	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
		(₹)	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
(B)	**Measured at amortised cost**							
	(Unquoted debentures and bonds)							
	The Mysore Kirloskar Limited							
	(In liquidation)							
	12.5% Secured Non Convertible Part "B" debentures of ₹ 44/- each	100	30,000	13	30,000	13	30,000	13
	Less: Provision for impairment loss			(13)		(13)		(13)
	Sub-total (B)			-		-		-
(C)	**Measured at fair value through profit and loss**							
	Investments in liquid mutual funds							
	DSP Blackrock Liquidity Fund- Reg(G)		61,295	1,630	61,295	1,516		-
	ICICI Prudential Liquid Plan (G)		5,93,909	1,635	5,93,909	1,522		-
	Reliance Liquid- Treasury Plan (G)		35,927	1,631	35,927	1,517		-
	Sub-total (C)			**4,896**		**4,555**		**-**
	Total (A + B + C)			**93,336**		**1,42,278**		**1,26,237**

*During the year ended 31 March 2019, Kirloskar Pneumatic Company Limited has sub-divided 1 Equity Share of face value of ₹ 10/- per share, into 5 equity shares of face value of ₹ 2/- per share, with effect from 27 September 2018.

The Company participated in buyback of fully paid equity shares of Swaraj Engines Ltd (SEL) during the previous year ended 31 March 2018. SEL has accepted buyback offer of 45,651 equity shares of ₹ 10/- each at the rate of ₹ 2,400 per equity share.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
NOTE 11 :			
OTHER FINANCIAL ASSETS			
Measured at amortised cost			
(Unsecured considered good, unless otherwise stated)			
Contract assets (Unbilled receivables)	14	305	393
Unsecured, credit impaired	39	108	41
Less: Allowance for impairment loss	(39)	(108)	(41)
	14	305	393
Security deposits	878	892	952
Loan to employees	39	38	41
Loan to Contractors	61	90	55
Other receivables	20	49	1
Other advances			
Unsecured, credit impaired	386	386	386
Less: Allowance for impairment loss	(386)	(386)	(386)
	-	-	-
Total	**1,012**	**1,374**	**1,442**
NOTE 12 :			
INVENTORIES			
Raw material at site	4,271	5,171	3,202
Raw material in transit	10,970	8,519	1,444
Work-in-progress	3,733	3,299	2,941
Finished goods	1,240	792	1,187
Stores and spares	4,321	3,823	3,308
By-products	92	115	104
Renewable Energy Certificates	-	-	2
Total	**24,627**	**21,719**	**12,188**
Details of Work-in-progress			
a. Castings	2,923	2,528	2,139
b. Patterns	634	615	701
c. Others	176	156	101
Total	**3,733**	**3,299**	**2,941**
Details of Finished Goods			
a. Pig iron	393	357	966
b. Castings	847	435	221
Total	**1,240**	**792**	**1,187**
NOTE 13 :			
CURRENT TAX ASSETS (NET)			
Advance Income Tax	2,465	2,071	1,534
(Net of provision for Income Tax ₹ 11,243 Lakhs (31 March 2018 ₹ 8,332 Lakhs, 1 April 2017 ₹ 8,972 Lakhs)			
Total	**2,465**	**2,071**	**1,534**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2 018	As at 1 April 2017
NOTE 14 : INVESTMENT PROPERTY			
Land (at cost)			
Balance as at the beginning of the year	15	15	15
Add: Additions during the year	-	-	-
Less: Sold during the year	-	-	-
Balance as at the end of the year (i)	**15**	**15**	**15**
Building (at cost less depreciation)			
(a) Gross block			
Balance as at the beginning of the year	1,360	1,262	1,262
Add: Additions during the year	187	98	-
Add: Transferred from property plant and equipment	1,215	-	-
Less: Sold during the year	22	-	-
Balance as at the end of the year (ii)	**2,740**	**1,360**	**1,262**
(b) Accumulated depreciation			
Balance as at the beginning of the year	703	669	644
Add: Depreciation for the year	66	34	25
Add: Transferred from property plant and equipment	10	-	-
Less: On disposals	5	-	-
Balance as at the end of the year	**774**	**703**	**669**
Net Block of building (ii) =(a) - (b)	**1,966**	**657**	**593**
Total investment property (i)+(ii)	**1,981**	**672**	**608**

Movement in fair value of Investment Property

Particulars	Amount
Fair value as at 1 April 2017	64,729
Change in fair value	7,545
Fair value as at 31 March 2018	**72,274**
Change in fair value	1,202
Fair value as at 31 March 2019	**73,476**

Fair valuation methodology

The fair value of investment properties have been determined on the basis of valuation carried out by independent valuer on case to case basis. Valuation is based on government rates, market research, market trend and comparable values as considered appropriate.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 15 :
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Particulars	Tangible Assets (A)													Intangible Assets (B)			Total (B)	Total (A) + (B)
	Freehold land	Leasehold land	Building	Plant and equipment				Furniture and Fixtures	Vehicles	Office Equipment	Computers & Peripherals	Electrical Installations	Total of (A)	Mining rights	Computer Software	Intangible assets under development		
				Plant and equipments	Plant and equipments under lease	Wind power generators	Diesel Generator Set											
Gross Block																		
Balance as at 1 April 2017	503	442	16,911	78,164	7	2,714	9	356	492	560	278	7	1,00,443	11	910	-	921	1,01,364
- Additions	24	-	2,928	3,018	-	-	-	16	275	48	91	-	6,400	-	81	81	81	6,481
- (Disposals)	-	-	(13)	(1,937)	-	-	-	(5)	(32)	(48)	(47)	-	(2,082)	-	(1)	(81)	(1)	(2,083)
- Adjustments	-	-	2,277	(2,329)	-	-	-	3	-	7	9	-	(33)	-	33	-	33	-
Balance as at 31 March 2018	**527**	**442**	**22,103**	**76,916**	**7**	**2,714**	**9**	**370**	**735**	**567**	**331**	**7**	**104,728**	**11**	**1,023**	**-**	**1,034**	**105,762**
- Additions	274	-	1,184	8,669	-	-	3	113	224	151	96	41	10,755	-	73	68	73	10,828
- (Disposals)	-	-	(20)	(482)	-	-	-	(28)	-		(9)	-	(540)	-	-	(68)	-	(540)
- Adjustments *	-	-	(1,215)	-	-	-	-	-	-	-	-	-	(1,215)	-	-	-	-	(1,215)
Balance as at 31 March 2019	**801**	**442**	**22,052**	**85,103**	**7**	**2,714**	**12**	**455**	**959**	**717**	**418**	**48**	**1,13,728**	**11**	**1,096**	**-**	**1,107**	**114,835**
Accumulated Depreciation																		
Balance as at 1 April 2017	-	-	5,648	34,130	2	2,179	4	171	187	319	210	3	42,853	10	493	-	503	43,356
- Depreciation charge for the year	-	-	779	3,851	-	55	1	31	102	92	37	1	4,949	1	119	-	120	5,069
- (Disposals)	-	-	(9)	(1,736)	-	-	-	(5)	(29)	(46)	(47)	-	(1,872)	-	(1)	-	(1)	(1,873)
- Adjustments	-	-	635	(662)	-	-	-	2	-	5	5	-	(15)	-	15	-	15	-
Balance as at 31 March 2018	**-**	**-**	**7,053**	**35,583**	**2**	**2,234**	**5**	**199**	**260**	**370**	**205**	**4**	**45,915**	**11**	**626**	**-**	**637**	**46,552**
- Depreciation charge for the year	-	-	739	4,334	-	55	1	43	137	116	49	4	5,478	-	132	-	132	5,610
- (Disposals)	-	-	(20)	(263)	-	-	-	(21)	-	(1)	(5)	-	(310)	-	-	-	-	(310)
- Adjustments	-	-	(10)	-	-	-	-	-	-	-	-	-	(10)	-	-	-	-	(10)
Balance as at 31 March 2019	**-**	**-**	**7,762**	**39,654**	**2**	**2,289**	**6**	**221**	**397**	**485**	**249**	**8**	**51,073**	**11**	**758**	**-**	**769**	**51,842**
Net Block																		
Balance as at 1 April 2017	503	442	11,263	44,034	5	535	5	185	305	241	68	4	57,590	1	417	-	418	58,008
Balance as at 31 March 2018	527	442	15,050	41,333	5	480	4	171	475	197	126	3	58,813	-	397	-	397	59,210
Balance as at 31 March 2019	**801**	**442**	**14,290**	**45,449**	**5**	**425**	**6**	**234**	**562**	**232**	**169**	**40**	**62,655**	**-**	**338**	**-**	**338**	**62,993**

*Adjustment of ₹ 1,215 in gross block and ₹ 10 lakhs in accumulated depreciation represent transfer to investment property consequent to letting out a part of the property.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 16 :
CAPITAL WORK-IN-PROGRESS

Particulars	(₹) in Lakhs
Balance as at 1 April 2017	1,906
Add: Additions during the year	9,406
Less: Capitalised during the year	3,744
Balance as at 31 March 2018	**7,568**
Add: Additions during the year	9,141
Less: Capitalised during the year	10,494
Balance as at 31 March 2019	**6,215**

NOTE 17 :
OTHER NON-FINANCIAL ASSETS

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(Unsecured considered good, unless otherwise stated)			
Capital advances	4,972	744	233
Advance to suppliers	869	1,181	772
Prepaid expenses	131	132	145
Claims receivable			
-unsecured, credit impaired	40	31	76
Less : Provision for impairment	(40)	(31)	(76)
Balances with government authorities	612	1,017	1,709
Real estate project under devlopment	4,091	18	-
Others	18	9	4
Total	**10,693**	**3,101**	**2,863**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
NOTE 18 :			
DERIVATIVE FINANCIAL INSTRUMENTS			
Derivative liabilities			
Foreign currency forward contract	456	-	299
Total	**456**	**-**	**299**
NOTE 19 :			
TRADE PAYABLES			
Trade Payables			
(i) Due to micro,small and medium enterprises	1,234	687	205
Total (i)	**1,234**	**687**	**205**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	11
Acceptances	23,786	22,836	7,931
Others	18,503	12,252	8,212
Total (ii)	**42,289**	**35,088**	**16,154**
NOTE 20 :			
BORROWINGS (OTHER THAN DEBT SECURITIES)			
Measured at amortised cost			
From Bank			
Short term borrowings			
Secured			
- Term loans	1,000	-	-
- Cash credit	5,710	6,159	6,229
Unsecured			
- Working capital facility	678	1,080	3,458
- Term loans	-	-	1,427
Long term borrowings			
-Term Loan	4,100	-	-
Total	**11,488**	**7,239**	**11,114**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Security for Secured Loans :

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 45,000 Lakhs (31 March 2018: ₹ 45,000 Lakhs ; 1 April 2017: ₹ 45,000 Lakhs) are secured by first charge by way of hypothecation on the current assets both present and future, in favour of IDBI Trusteeship Services Limited, as Security Trustees, for the benefit of consortium banks.

Details of unsecured term loan

Name of bank	Loan availed	Interest rate per annum payable monthly (reset annually)	Tenure	Principal Repayment
BNP Paribas	1,500	8.75%	48 months	45 equal instalments of Rs. 100 Lakhs from September 2018. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e., 19 June 2018. At every put and call option date interest rate will be reset
BNP Paribas	3,000	8.75%	48 months	
Citi Bank	1,500	7.25%	2 years	Bullet repayment on 30 April 2020. Interest rate will be reset once in a year.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net debt position			
Cash and Bank Balance			
Cash and cash equivalents	299	257	1,341
Borrowings	(12,688)	(7,239)	(11,114)
Net debt	**(12,389)**	**(6,982)**	**(9,773)**

Net debt reconciliation

Particulars	**Cash and bank balance**	**Borrowings**	**Total**
Net debt as at 1 April 2017	**1,341**	**(11,114)**	**(9,773)**
Cash flows	(1,084)	-	(1,084)
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1 April 2017	-	-	-
Interest accrued but not due as on 31 March 2018	-	-	-
Interest expense	-	(1,097)	(1,097)
Interest paid	-	1,097	1,097
(Borrowing) / Repayment (Net)	-	3,875	3,875
Net debt as at 31 March 2018	**257**	**(7,239)**	**(6,982)**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	**Cash and bank balance**	**Borrowings**	**Total**
Cash flows	42	-	42
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1 April 2018	-	-	-
Interest accrued but not due as on 31 March 2019	-	1	1
Interest expense	-	(1,647)	(1,647)
Interest paid	-	1,646	1,646
(Borrowing) / Repayment (Net)	-	(5,449)	(5,449)
Net debt as at 31 March 2019	**299**	**(12,688)**	**(12,389)**

	As at 31 March 2019	**As at 31 March 2018**	**As at 1 April 2017**
NOTE 21 : DEPOSITS			
Measured at amortised cost			
Other -Security deposits	1,114	1,567	1,422
Total	**1,114**	**1,567**	**1,422**
NOTE 22 : OTHER FINANCIAL LIABILITIES			
Measured at amortised cost			
Investors education and protection fund will be credited by the following amounts, as and when due:			
- Unclaimed equity dividend*	425	376	333
- Unclaimed fractional entitlement**	-	3	3
Creditors for capital goods	2,152	4,896	1,088
Employee benefits	1,613	1,276	1,218
Current maturities of long term borrowings	1,200	-	-
Interest accrued but not due	1	-	-
Expenses and other payable	694	460	503
Commission payable to directors	37	40	18
Gratuity to be funded to LIC	4	144	39
Total	**6,126**	**7,195**	**3,202**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

*Unclaimed equity dividend includes ₹ 0.09 Lakhs (31 March 2018: ₹ 0.09 Lakhs ; 1 April 2017: ₹ 0.09 Lakhs) on 31 shares in abeyance on the directions of Special Court, which will not be transferred to Investors Education and Protection Fund.
**Unclaimed fractional entitlement amount ₹ 3 lakhs transferred to Investor Education and Protection Fund during the year.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
NOTE 23 : PROVISIONS			
Gratuity	84	58	42
Compensated absences	723	593	519
Decommissioning and restoration (Refer Note 47)	177	163	150
Expected sales return	158	104	183
Provision for wealth tax	-	6	6
Total	**1,142**	**924**	**900**
NOTE 24 : DEFERRED TAX LIABILITIES (NET)			
Deferred tax liability (Net)	9,536	8,263	8,059
Total	**9,536**	**8,263**	**8,059**
NOTE 25 : OTHER NON-FINANCIAL LIABILITIES			
Taxes and duties	1,136	1,388	411
Advances from customers	749	512	530
Licenses received in advance	271	56	191
Total	**2,156**	**1,956**	**1,132**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 26 :
EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and paid-up share capital and par value per share:

Particulars	As at 31 March 2019		As at 31 March ,2018		As at 1 April 2017	
	Number	₹ in Lakhs	Number	₹ in Lakhs	Number	₹ in Lakhs
AUTHORISED						
Equity Shares of ₹ 10/- each	5,00,00,000	5,000	5,00,00,000	5,000	5,00,00,000	5,000
ISSUED & SUBSCRIBED						
Equity Shares of ₹ 10/- each	97,08,650	971	97,08,650	971	97,08,650	971
CALLED UP & PAID UP						
Equity Shares of ₹ 10/- each fully paid up	97,08,619	971	97,08,619	971	97,08,619	971
SHARE CAPITAL SUSPENSE ACCOUNT*						
Equity Shares of ₹ 10/- each fully paid up	31	-	31	-	31	-
Total	**97,08,650**	**971**	**97,08,650**	**971**	**97,08,650**	**971**

* 31 (31 March 2018:31) Equity Shares of ₹ 10/- each aggregating to ₹ 310/- to be issued to shareholders of erstwhile Shivaji Works Limited on amalgamation as per scheme sanctioned by Board for Industrial and Financial Reconstruction, are kept in abeyance on the directions of Special Court.

(b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	₹ in Lakhs	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	97,08,650	971	97,08,650	971	97,08,650	971
Add: Shares Issued during the year	-	-	-	-	-	-
Less: Shares bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	97,08,650	971	97,08,650	971	97,08,650	971

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

(c) Equity shares in the Company held by each shareholder holding more than 5% shares:

Name of Shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
India Capital Fund Limited	9,61,205	9.90%	9,59,117	9.88%	9,43,439	9.72%
Atul Chandrakant Kirloskar #	16,35,300	16.84%	16,35,300	16.84%	16,35,300	16.84%
Rahul Chandrakant Kirloskar # #	16,21,688	16.70%	16,21,688	16.70%	16,21,688	16.70%
Gautam Achyut Kulkarni	-	-	-	-	16,30,386	16.79%
Arti Atul Kirloskar	7,09,648	7.31%	7,09,648	7.31%	7,09,648	7.31%
Jyotsna Gautam Kulkarni	11,78,592	12.14%	23,57,184	24.28%	7,26,798	7.49%
Nihal Gautam Kulkarni	5,89,296	6.07%	-	-	-	-
Ambar Gautam Kulkarni	5,89,296	6.07%	-	-	-	-
Alpana Rahul Kirloskar	7,09,648	7.31%	7,09,648	7.31%	7,09,648	7.31%

Out of these, 16,35,275 (31 March 18 :16,35,275) equity shares are held in the individual capacity and 25(31 March 18 :25) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

Out of these, 16,21,459 (31 March 18 : 16,21,459) equity shares are held in the individual capacity and 229 (31, March 18 :229) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

(d) Details of allotment of shares for consideration other than cash, allotments of bonus shares and shares bought back:

Particulars	Financial year (Aggregate no. of shares)				
	2018-19	2017-18	2016-17	2015-16	2014-15
Equity Shares :					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares bought back	-	-	-	-	-

(e) Each holder of equity share is entitled to one vote per share and to receive interim/ final dividend as and when declared by the Board of Directors/ at the Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	**As at 31 March 2018**
NOTE 27 :		
OTHER EQUITY		
(a) Security Premium :		
Balance as at the beginning of the year	-	-
Add :Increase / (decrease) during the year	79	-
Balance as at the end of the year	**79**	**-**
(b) General reserve :		
Balance as at the beginning of the year	33,548	33,291
Add: Transfer from surplus of Profit and Loss	257	257
Balance as at the end of the year	**33,805**	**33,548**
(c) Capital reserve:		
Balance as at the beginning and at the end of the year	**4,284**	**4,284**
(d) Share options outstanding account :		
Balance as at the beginning of the year	564	-
Less :Lapse of Employee Stock Options	(14)	-
transferred to Surplus/(Deficit) in the statement of profit and loss		
Add :Increase / (decrease) during the year	1,131	564
Balance as at the end of the year	**1,681**	**564**
(e) Equity instruments through other comprehensive income :		
Balance as at the beginning of the year	86,263	75,732
Add:Measurement of investments at FVTOCI	(49,282)	11,623
Less: Transfer of amount on sale of investments	-	(1,092)
Balance as at the end of the year	**36,981**	**86,263**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
(f) Surplus/ (Deficit) in the statement of profit and loss :		
Balance as at the beginning of the year	53,278	49,859
Less : Transferred to Non Controlling Interest	(77)	-
Add: Net Profit transferred from the statement of profit and loss	8,408	4,961
Add :Lapse of Employee Stock Options transeferred from share options outstanding account	14	-
Add: Remeasurement of defined benefit plans (net of taxes)	7	(40)
Add: Transfer of amount on sale of investments measured as FVTOCI	-	1,092
Amount available for appropriation	**61,630**	**55,872**
Appropriations:		
Less: Transfer to general reserve	257	257
Less: Final Dividend for F.Y. 2017-18 (2016-17)	2,039	1,942
Less: Tax on Final Dividend for F.Y.2017-18 (2016-17)	420	395
Less : Tax on interim dividend for F.Y. 2018-19	146	-
Net surplus in the statement of profit and loss	**58,768**	**53,278**
Total	**1,35,598**	**1,77,937**

Notes:

1) Security Premium :

The amount received in excess of face value of the equity shares is recognised in Security Premium. In case of share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as Security Premium.

2) General Reserve:

General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

3) Capital Reserve :

If the value of investment in subsidiary is less than the book value of the net assets acquired, the differenece represents Capital Reserve.

4) Share options outstanding account:

The share option outstanding account is used to recognise the fair value of options to the employees under the employee stock option plan, which are unvested or unexcercised as on the reporting date.

5) Equity instruments through Other Comprehensive Income:

This reserve represents the cumulative gains and losses arrising on the fair valuation of equity instruments measured through other comprehensive income, net of amounts reclassified to retained earnings when these equity instruments are disposed off.

6) Surplus/(Deficit) in the statement of Profit and Loss:

This comprise of the undistributed profit after taxes.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
NOTE 28 :		
INTEREST INCOME		
- On financial assets measured at amortised cost		
-On deposits with banks	213	367
-Other	97	148
Total	**310**	**515**
NOTE 29 :		
NET GAIN ON FAIR VALUE CHANGES		
- On financial instruments measured at fair value through profit and loss		
Investments in mutual funds	341	132
Total	**341**	**132**
Note 30 :		
REVENUE FROM SALE OF PRODUCTS		
Sale of products		
Pig Iron	1,17,572	91,602
Casting	92,311	72,126
By-products	3,102	2,294
Sale of wind power	299	129
Sale of renewable energy credit	-	119
Total (a)	**2,13,284**	**1,66,270**
Other Operating Income		
Export Incentive	3	-
Scrap sales / Miscellaneous income	2,927	10,496
Total (b)	**2,930**	**10,496**
Total (a)+ (b)	**2,16,214**	**1,76,766**
NOTE 31 :		
OTHER INCOME		
Property licensing fees	3,054	3,368
Incentive From Industrial Promotion Scheme	274	-
Gain on sale of investment property	129	-
Provisions no longer required written back	161	194
Net gain on foreign currency transactions	1	-
Rental Income and equipment leasing charges	3	7
Insurance claim received	-	17
Gain on sale of property, plant and equipment	-	4
Miscellaneous income	18	151
Total	**3,640**	**3,741**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
NOTE 32 :		
FINANCE COSTS		
Measured at amortised cost		
On financial liabilities		
Interest Expenses	1,438	1,076
Interest on term loan	159	-
Unwinding of interest on security deposit	123	142
Other borrowing costs	50	21
On provisions		
Unwinding of interest on provision for decommissioning and restoration	14	13
Total	**1,784**	**1,252**
NOTE 33 :		
COST OF MATERIAL CONSUMED		
Stock at the beginning of the year	13,690	4,646
Add : Purchases	1,36,029	1,17,914
Less : Stock at the end of the year	15,241	13,690
Total	**1,34,478**	**1,08,870**
NOTE 34 :		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT		
Inventory at the end of the year		
Work-in-progress	3,733	3,299
Finished goods	1,240	792
By-Products	92	115
Total	**5,065**	**4,206**
Inventory at the beginning of the year		
Work-in-progress	3,299	2,941
Finished goods	792	1,187
By-Products	115	104
Total	**4,206**	**4,232**
(Increase)/Decrease	**(859)**	**26**
NOTE 35 :		
IMPAIRMENT ON FINANCIAL INSTRUMENTS		
- On financial instruments measured at amortised cost		
Expected Credit Loss on trade receivables and contract assets	(71)	(12)
Total	**(71)**	**(12)**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
NOTE 36 :		
EMPLOYEE BENEFIT EXPENSES		
Salaries and incentives	7,805	7,062
Contributions to :		
-Provident fund, Superannuation and Labour welfare fund	334	333
Gratuity	134	117
Employees stock option expense	652	635
Staff welfare expenses	1,039	870
Others	51	21
Total	**10,015**	**9,038**
NOTE 37 :		
DEPRECIATION AND AMORTIZATION EXPENSE		
On property, plant and equipment and intangible assets (Refer Note 15)	5,610	5,068
On investment property (Refer Note 14)	66	35
Total	**5,676**	**5,103**
NOTE 38 :		
CORPORATE SOCIAL RESPONSIBILITY EXPENSE		
Construction/ acquisition of any asset		
-Amount already incurred	8	15
-Amount yet to be incurred	-	-
On purposes other than above		
-Amount already incurred	239	253
-Amount yet to be incurred	-	-
Total	**247**	**268**
NOTE 39 :		
OPERATING AND OTHER EXPENSES		
A. Operating expenses		
Consumption of Stores, Spares and Consumables	19,257	15,605
Power, fuel and water	14,701	13,570
Fettling and other manufacturing expenses	2,388	2,029
Repairs and maintenance		
- Machinery	1,953	1,187
- Buildings	209	214
Machinery hire charges	240	195
Excise duty on Increase / (Decrease) in closing stock of finished goods	-	(150)
Operation and maintenance charges	129	96

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Transmission and wheeling charges	-	4
Other open access charges	2	21
Renewable energy related expenses	-	7
Other Processing Expenses	1,508	1,106
Sub Total	**40,387**	**33,884**
B. Selling expenses		
Freight and forwarding expenses (Net)	5,913	5,152
Sales commission and incentive	-	257
Royalty	512	387
Advertisement	56	16
Other selling expenses	62	112
Sub Total	**6,543**	**5,924**
C. Other expenses		
Communication expenses	65	45
Loss on sale/ demolition/ scrap of assets	210	141
Applicable net loss on foreign currency transactions	794	481
Security expenses	265	247
Repairs and maintenance :		
-Property	25	69
-Other assets	175	143
Garden and site maintenance	52	47
Rent expense	71	100
Rates and taxes	473	347
Legal and professional fees	707	666
Commission to directors	115	88
Director sitting fees	68	68
Printing and stationery expenses	39	54
Postage and courier charges	7	8
Advertisement and publicity	11	3
Electricity charges	9	5
Travelling expenses	268	227
Insurance charges	77	55
Membership subscription	9	8
Miscellaneous expenses	821	704
Payment to auditors for :		
- Statutory audit	37	31
- Tax audit	5	5
- Certification	3	5
Sub Total	**4,306**	**3,547**
Total	**51,236**	**43,355**

NOTE 40 :
DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE CARRIED OUT BY THE GROUP
(For unit situated at Bevinahalli village, Koppal incurred are given below)

a. Revenue expenses

Cost of materials/consumables/spares	1	8
Employee related expense	303	232
Other expense	3	4
Total	**307**	**244**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
b. Capital expenditure		
Plant and machinery	897	-
Building	56	-
Computers	11	3
Office equipment	4	-
Furniture and fixtures	10	-
Intangible assets	24	75
Total	**1,002**	**78**

NOTE 41 :

Notes on these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognizing this purpose, the Company has disclosed only such Notes from the individual financial statements, which:

a) are necessary for presenting a true and fair view of the Consolidated Financial Statements b) the notes involving items, which are considered to be material.

NOTE 42 :
INCOME TAXES

		Year ended 31 March 2019	Year ended 31 March 2018
(i)	**The major components of income tax expense are:**		
(a)	Statement of profit and loss section		
	Current income tax charge	4,345	2,146
	Short/ (Excess) provision of earlier years	(35)	(46)
	Deferred tax	1,279	216
	Income tax expense reported in the statement of profit and loss	**5,589**	**2,316**
(b)	**Statement of Other Comprehensive Income (OCI)**		
	Deferred tax (expense) / income on Remeasurements of defined benefit plan	11	(37)
	Income tax charged to OCI	**11**	**(37)**
(ii)	**Reconciliation of tax expense and the accounting profit**		
	Accounting profit for the company before income tax	18,763	9,121
	Enacted tax rates in India	29.12% and 34.944%	21.34% and 34.608%
	Computed tax expense	6,781	2,932
	Add/ (Less) Net Adjustment on account of:		
	Adjustments pertaining to Minimum Alternate Tax and Tax effect on various other items	(925)	(375)
	Tax of earlier years	(35)	(46)
	On account of deduction under tax holiday period and weighted deduction of research and development unit	(796)	(411)
	Other items which are not deductible (taxable) in calculating taxable income	157	141
	Others	407	75
	Income tax expense	5,589	2,316
	Effective tax rate	29.79%	25.39%

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

(iii) Deferred tax relates to the following:

	Balance sheet			Statement of profit and loss	
	As at 31 March 2019	**As at 31 March 2018**	**As at 1 April 2017**	**Year ended 31 March 2019**	**Year ended 31 March 2018**
Deferred tax assets					
Provision for Employee Benefits	38	29	26	10	5
Provision for expected credit loss	107	125	155	(18)	(30)
Provision for dismantling obligation	52	35	35	17	-
MAT credit entitlement	66	107	60	(41)	47
Disallowances under Section 43B of Income Tax Act, 1961	450	409	318	41	91
Other temporary difference	-	4	-	(4)	4
Gross deferred tax assets	**713**	**709**	**594**	**5**	**117**
Deferred tax liabilities					
Property, plant and equipment	10,109	8,914	8,648	1,195	266
Fair valuation difference	138	38	-	100	38
Other temporary difference	2	2	5	-	(8)
Gross deferred tax liabilites	**10,249**	**8,954**	**8,653**	**1,295**	**296**
Deferred tax (assets)/liabilities (net)	**9,536**	**8,245**	**8,059**	**1,290**	**179**

* Deferred Tax Liabilities of ₹ 8,245 Lakhs as at 31 March 2018, represents net Deferred Tax Liability Position of ₹ 8,263 Lakhs for the subsidiary and a net Deferred Tax Asset Position of ₹ 18 Lakhs for the holding company which is desclosed separately in the balance sheet since the same is not eligible for set-off

Amount recognised in Statement of Profit and Loss	1,279	216
Amount recognised in Statement of Other Comprehensive Income	11	(37)

	As at 31 March 2019	**As at 31 March 2018**
Movement in current tax asset / current tax liabilities (net)		
Balance at the beginning of the period (Current tax asset (net))	2,071	1,534
Provision recognised during the year	(4,310)	(2,100)
Current tax paid for the year	4,704	2,637
Balance at the end of the period	**2,465**	**2,071**
Current tax assets	13,709	10,403
Current tax liabilities	11,243	8,332
Total (Net)	**2,465**	**2,071**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 43 : EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by adjusting profit or loss attributable to ordinary equity holders of the entity, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
Net profit after tax as per statement of profit and loss		13,174	6,805
Less: Minority Interest		4,766	1,844
Net profit after tax and minority interest as per statement of profit and loss	(A)	8,408	4,961
Weighted average number of equity shares in calculating basic EPS	(B)	97,08,650	97,08,650
Effect of dilution:			
Stock options granted under ESOP		16,503	6,335
Total number of diluted equity shares at the end of the year	(C)	97,25,153	97,14,985
Adjustment to numerator on account of ESOP issued by subsidiary	(D)	(12)	(3)
Net profit after tax and minority interest for computing diluted EPS	(E) = (A) + (D)	8,396	4,958
Basic earnings per share of face value of ₹ 10 each (in ₹)	(A/B)	86.61	51.09
Diluted earnings per share of face value of ₹ 10 each (in ₹)	(A/C)	86.33	51.03

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 44 :
CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

a. Contingent liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
a. Disputed demands			
-Central excise	90	32	146
-Service tax	340	297	346
-Sales tax	121	653	654
-Income tax	3,972	3,294	2,392
b.Provident Fund matters	185	185	185
c.Conveyance deed charges in respect of property	22	22	22
d.Labour matters to the extent quantifiable	39	39	37
e.Sales bills discounted	-	-	1,426
f. Bank guarantees	1,394	892	451

b. Capital commitments

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	26,143	11,351	1,344
Total	**26,143**	**11,351**	**1,344**

NOTE 45 :
BORROWING COST

Particulars	As at 31 March 2019	As at 31 March 2018
Capitalised during the year	241	-
Total	**241**	**-**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 46 :
SEGMENT REPORTING

Segment information based on Consolidated Financial Statements, as required by the Indian Accounting Standard 108 "Operating Segments" as prescribed under Section 133 of Companies Act, 2013 is as follows:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Segment Revenue		
- Windpower generation	299	248
- Investments (Securities & Properties)	5,899	5,721
- Real Estate	-	-
- Iron Casting	2,16,468	1,77,035
Total	2,22,666	1,83,004
Less: Inter segment revenue	-	-
Net Sales	**2,22,666**	**1,83,004**
Segment Results		
Profit (+) / Loss (-) before tax and interest from each segment		
- Windpower generation	127	(68)
- Investments (Securities & Properties)	4,249	4,051
- Real Estate	-	-
- Iron Casting	16,325	6,544
Total Profit Before interest and Tax	20,701	10,527
- Finance cost	(1,784)	(1,252)
-Other Unallocable income/ (expenditure) net off unallocable income/(expenditure)	(154)	(154)
Total Profit Before Tax	18,763	9,121
- Current tax	4,345	2,146
- Short/ (Excess) provision of earlier years	(35)	(46)
- Deferred tax	1,279	216
Total Profit After Tax	**13,174**	**6,805**
Segment Assets		
- Windpower generation	502	912
- Investments (Securities & Properties)	97,817	145,922
- Real Estate	4,107	18
- Iron Casting	1,38,992	1,19,924
-Other un-allocated assets	2,730	3,816
Total Segment Assets	**2,44,148**	**2,70,592**

Segment Liabilities		
- Windpower generation	189	178
- Investments (Securities & Properties)	1,719	1,946
- Real Estate	239	-
- Iron Casting	73,184	60,677
- Other un-allocated liabilities	210	118
Total Segment Liabilities	**75,541**	**62,919**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Capital Employed		
(Segment assets - Segment liabilities)		
- Windpower generation	313	734
- Investments (Securities & Properties)	96,098	143,976
- Real Estate	3,868	18
- Iron Casting	65,808	59,247
- Unallocable corporate assets less liabilities	2,520	3,698
Less: Non Controlling Interest	32,038	28,765
Total Capital Employed	**1,36,569**	**1,78,908**
Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period		
- Windpower generation	10	2
- Investments (Securities & Properties)	422	142
- Real Estate	-	-
- Iron Casting	10,326	3,825
- Unallocable corporate assets	257	2,610
Total Assets Acquired	**11,015**	**6,579**
Depreciation & Amortisation		
- Windpower generation	57	56
- Investments (Securities & Properties)	121	49
- Real Estate	-	-
- Iron Casting	5,420	4,953
- Unallocable corporate depreciation	78	45
Total Depreciation & Amortisation	**5,676**	**5,103**

Other Disclosures :

(i) The Company derives its entire income from India (i.e. the country of domicile) and all non-current assets of the Company are located in India.

(ii) Revenue in windmill segement is contributed by a single customer.

(iii) There is no inter-segment revenue during the year (Year ended 31 March 2018: Nil)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 47 :

PROVISIONS

The disclosure required by Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014,is as follows:

Class of Provision	Casting rejections*	Provision for decommissioning and Restoration**
Opening balance as on 1 April 2018	104	163
Provisions for the year	158	14
Amounts used during the year	104	-
Closing balance as on 31 March 2019	158	177

*Nature of obligation: Provision for possible obligation towards outflow of resources on casting rejections.

Expected timing of resulting outflow: Substantial costs will be incurred in the next financial year.

** Nature of obligation : Provision for possible obligation towards outflow related decommissioning and restoration of windmills.
Expected timing of resulting outflow: Substantial costs will be incurred in the end of useful life of windmills.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 48 :
RELATED PARTY TRANSACTIONS

List of related parties as per the requirements of Ind AS 24 - Related party disclosures
Related parties, as defined under Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board of Directors. Disclosures of transactions with Related Parties are as under:

(a) Name of the related party and nature of related party relationships :

Name of Key Management Personnel	Designation	Relatives of Key Management Personnel and relationship
Kirloskar Industries Limited		
Mahesh Chhabria	Managing Director	None
Aditi Chirmule	Executive Director	None
Kirloskar Ferrous Industries Limited		
R.V. Gumaste	Managing Director	None
R.S. Srivatsan	Chief Financial Officer	None
C.S. Panicker	Company Secretary	None

(b) Related party transactions

Nature of transaction	Year	Key Management Personnel
Expenses rendering of services	**2018-19**	**1,036**
	2017-18	756
Dividend paid	**2018-19**	**8**
	2017-18	6
Outstanding as at 31 March		
Payable	**2019**	**525**
	2018	298

Compensation of Key Management Personnel of the Company

	For the year ended 31 March	
Particulars	**2019**	**2018**
Short term employee benefits	877	700
Post employment benefits	67	43
Other long term benefits	23	13
Share based payments	69	-
Total	**1,036**	**756**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE: 49:
FAIR VALUE MEASUREMENTS

Set out below is a comparison, by class, of the carrying amounts and the fair value of the Company's financial instruments as of 31 March 2019

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	299	-	-	299	299
Bank balances other than above	2,491	-	-	2,491	2,491
Receivables					
(i) Trade receivables	38,036	-	-	38,036	38,036
Investments	-	4,896	88,440	93,336	93,336
Other financial assets	1,012	-	-	1,012	1,012
Total	**41,838**	**4,896**	**88,440**	**1,35,174**	**1,35,174**
Financial liabilities					
Derivative financial instruments	-	456	-	456	456
Trade payables	43,523	-	-	43,523	43,523
Borrowings (Other than debt securities)	11,488	-	-	11,488	11,488
Deposits	1,114	-	-	1,114	1,114
Other financial liabilities	6,126	-	-	6,126	6,126
Total	**62,251**	**456**	**-**	**62,707**	**62,707**

Set out below is a comparison, by class, of the carrying amounts and the fair value of the Company's financial instruments as of 31 March 2018

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	257	-	-	257	257
Bank balances other than above	2,977	-	-	2,977	2,977
Derivative financial instruments	-	46	-	46	46
Receivables					
(i) Trade receivables	29,301	-	-	29,301	29,301
Investments	-	4,555	1,37,723	1,42,278	1,42,278
Other financial assets	1,374	-	-	1,374	1,374
Total	**33,908**	**4,601**	**1,37,723**	**1,76,233**	**1,76,233**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Financial liabilities					
Derivative financial instruments	-	-	-	-	-
Trade payables	35,775	-	-	35,775	35,775
Borrowings (Other than debt securities)	7,239	-	-	7,239	7,239
Deposits	1,567	-	-	1,567	1,567
Other financial liabilities	7,195	-	-	7,195	7,195
Total	**51,776**	**-**	**-**	**51,776**	**51,776**

Set out below is a comparison, by class, of the carrying amounts and the fair value of the Company's financial instruments as of 1 April 2017

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	1,341	-	-	1,341	1,341
Bank balances other than above	7,405	-	-	7,405	7,405
Derivative financial instruments	-	-	-	-	-
Receivables					
(i) Trade receivables	21,376	-	-	21,376	21,376
Investments	-	-	1,26,237	1,26,237	1,26,237
Other financial assets	1,442	-	-	1,442	1,442
Total	**31,564**	**-**	**1,26,237**	**1,57,801**	**1,57,801**
Financial liabilities					
Derivative financial instruments	-	299	-	299	299
Trade payables	16,359	-	-	16,359	16,359
Borrowings (Other than debt securities)	11,114	-	-	11,114	11,114
Deposits	1,422	-	-	1,422	1,422
Other financial liabilities	3,202	-	-	3,202	3,202
Total	**32,097**	**299**	**-**	**32,396**	**32,396**

Quantitative disclosures fair value measurement hierarchy for assets:

Particulars	Amount	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Asset/(Liability) measured at fair value through profit or loss/ Other Comprehensive Income				
Date of Valuation				
As at 31 March 2019	92,880	93,336	(456)	-
As at 31 March 2018	1,42,324	1,42,278	46	-
As at 1 April 2017	1,25,938	1,26,237	(299)	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

The following methods and assumptions were used to estimate the fair values:

(i) The fair values of equity instruments and mutual funds are measured using Level 1 hierarchy and derivative assets/(liabilities)on account of forward exchange contract are measured using Level 2 hierarchy. There have been no transfers among Level 1, Level 2 and Level 3 during the year.

(ii) The management assessed that the fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables, deposits, loans and other financial assets and other financial liabilities approximate their carrying amounts.

(iii) The fair value of the quoted equity shares and mutual fund are based on the price quotations at reporting date.

(iv) The fair value of unquoted instruments - The Company has not performed the fair valuation of its investments in unquoted ordinary shares which are disclosed at amortised cost (Refer Note 10), as the Company believes that impact on account of change in fair value is insignificant.

(v) Derivative financial assets / (liabilities) are valued based on inputs that are directly or indirectly observable in the market.

(vi) The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(vii) The fair value of other financial liabilities as well as other financial assets is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

NOTE 50 :
FINANCIAL RISK MANAGEMENT

The Group's activities exposes it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the Group manages the risk.

The Group has in place a mechainsm to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through risk mitigation actions on a continuing basis.

In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments such as forward foreign exchange contract, foreign currency option contracts, principal only swap are entered to hedge the foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as a trading or speculative purposes.

(A) Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of the Group's investments measured at fair value through other comprehensive income and fair value through profit and loss exposes the Group to equity price risks. These investments are subject to changes in the market price of securities.

The fair value of group's investment as at 31 March 2019 in quoted equity securities was ₹ 88,440 Lakhs and mutual funds was ₹ 4,896 Lakhs (31 March 2018: ₹ 1,37,723 lakhs quoted equity shares and ₹ 4,555 lakhs in mutual funds). The impact of change in equity price risk is as under:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	31 March 2019		31 March 2018	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Impact on statement of profit and loss				
Mutual funds	490	(490)	456	(456)
Impact on statement of comprehensive income				
Equity shares	8,844	(8,844)	13,772	(13,772)

(B) Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables).

I. Trade receivables

Credit risk is the risk that one party to the financial instrument will cause financial loss for the other party by failing to discharge an obligation. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly. The credit period offered to customers is 30 days from the date of invoice.

Ageing analysis of trade receivables

For Kirloskar Industries Limited

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Not yet due to due upto 1 year	14	14	99
Overdue 1 year to 2 years	-	-	230
Overdue 2 year to 3 years	55	515	283
	69	**529**	**612**
Provision for expected credit loss	41	121	47
Net amount	**28**	**408**	**565**
For Kirloskar Ferrous Industries Limited			
Other financial assets			
Not yet due to due upto 1 year	37,904	29,169	21,103
Overdue 1 year to 3 years	118	28	102
Net amount	**38,022**	**29,197**	**21,205**

Movement of provision for expected credit loss:

Particulars	Amount
Provision for expected credit loss as on 1 April 2017	**397**
Change during the year (Net)	(15)
Provision for expected credit loss as on 31 March 2018	**382**
Change during the year (Net)	(71)
Provision for expected credit loss as on 31 March 2019	**311**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

Credit risk on cash and cash equivalents and other bank balances is limited as the Group generally invests in banks and liquid mutual funds with high credit ratings.

(C) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The flexibility in funding requirements is met by ensuring by avaiblility of adequate inflows. The Group maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. The Group has access to banks, capital and money market across debt, equity and hybrids.
The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Particulars	On demand	Upto 1 year	More than 1 year upto 3 years	More than 3 years
As at 31 March 2019				
Trade payables	-	43,523	-	-
Borrowings (Other than debt securities)	-	7,388	3,900	200
Deposits*	-	78	1,310	-
Other financial liabilities	74	6,423	-	-
	74	**57,412**	**5,210**	**200**
As at 31 March 2018				
Trade payables	-	35,771	5	-
Borrowings (Other than debt securities)	-	7,239	-	-
Deposits*	-	1,606	23	-
Other financial liabilities	63	6,918	-	-
	63	**51,534**	**28**	**-**
As at 1 April 2017				
Trade payables	-	16,340	20	-
Borrowings (Other than debt securities)	-	11,114	-	-
Deposits*	-	40	1,586	-
Other financial liabilities	52	3,348	-	-
	52	**30,842**	**1,606**	**-**

* The discounted value of deposits as per balance sheet as at 31 March 2019 is ₹ 1,114 lakhs out of which repayable up to 1 year is ₹ 78 lakhs; repayable after more than 1 year ₹ 1,036 lakhs; (31 March 2018: ₹ 1,567 lakhs out of which repayable up to one year is ₹ 1,544 lakhs; repayable after more than 1 year ₹ 23 lakhs; 1 April 2017: ₹ 1,422 Lakhs out of which repayable up to 1 year is ₹ 40 lakhs; repayable after more than 1 year ₹ 1,382 lakhs).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of the Group's interest bearing financial instruments are follows:

Particulars	31 March 2019	31 March 2018	1 April 2017
Fixed rate borrowings			
Term loan from banks	5,300	-	-
Variable rate borrowings			-
Loans repayable on demand	7,388	7,239	11,114

Particulars	31 March 2019	31 March 2018
Impact on profit before tax and pre-tax equity		
Increase by 50 basis points	(37)	(36)
Decrease by 50 basis points	37	36

b. Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Group transacts business in its functional currency i.e. Indian rupee and in different foreign currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, where revenue or expense is denominated in a foreign currency. The Group manages its foreign currency risk by hedging foreign currency payables using foreign currency forward contracts or foreign currency options, principal only swaps etc. The Group negotiates the terms of those foreign currency forward contracts to match the terms of the hedged exposure.

Details of foreign currency exposures that are hedged by derivative instruments or otherwise:

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Maturity Profile
Payables				
As at 31 March 2019	USD	219	15,640	Within 6 Months
	EURO	7	581	
As at 31 March 2018	USD	104	6,754	Within 6 Months
As at 31 March 2017	USD	108	7,329	Within 6 Months

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

Details of foreign currency exposures that are not hedged by derivative instruments or otherwise:

Particulars	Currency	Amount in foreign currency	Amount Equivalent Indian currency
As at 31 March 2019			
Payables	USD	86	5,970
	EURO	1	44
As at 31 March 2018			
Payables	USD	180	11,710
	EURO	7	578
As at 1 April 2017			
Payables	USD	3	210
	EURO	-	4

Foreign currency sensitivity on unhedged exposure

Financial Year	Foreign currency	Change in foreign currency rates	Effect on profit before tax	Effect on pre-tax equity
For 31 March 2019	USD	+5%	(298)	(298)
		-5%	298	298
	EURO	+5%	(2)	(2)
		-5%	2	2
For 31 March 2018	USD	+5%	(586)	(586)
		-5%	586	586
	EURO	+5%	(29)	(29)
		-5%	29	29

c. Commodity price risk

Commodity price risk is a financial risk on the Group's financial performance. Fluctuations in the prices of commodities are primarily driven by external market forces and are beyond the control of the Group.

Market forces generally determine the prices for the pig iron sold by the Group. These prices are generally influenced by factors such as competition, supply and demand, production costs including the costs of raw material inputs and availability of alternate materials such as steel scrap etc. Dumping of pig iron by steel producers into the domestic market can have a bearing on the price of pig iron changes in any of these factors may have impact on the revenue of the Group.

The Group is subject to fluctuations in prices for the purchase of metallurgical coke, coking coal and iron ore which are the major input materials for production of pig iron. The company procures the above referred materials at prevailing market prices.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Total exposure of the Group to commodities in ₹

Commodity	Unit of Measurement	Consumption		Trade Payables as on	
		FY 2018-19	FY 2017-18	31-Mar-19	31-Mar-18
Coke / coal	MT	3,17,960	2,68,141	-	-
	₹ Lakhs	80,320	59,172	22,534	18,112
Iron Ore	MT	6,72,554	5,56,090	-	-
	₹ Lakhs	24,578	19,527	315	296

Commodity	Unit of Measurement	Sales		Trade Receivables as on	
		FY 2018-19	FY 2017-18	31-Mar-19	31-Mar-18
Pig Iron	MT	3,58,558	3,06,389	-	-
	₹ Lakhs	1,17,563	87,687	13,364	11,386

The Group has an elaborate control procedure for finalising the prices of commodities through approval process from designated officials. Every month the price trend of the materials, demand and supply position and market intelligence report are reviewed and strategy is adopted before finalising the next consignment/quantities for subsequent months.

Financial Year	Commodity	Change in commodity prices	Effect on profit before tax	Effect on pre-tax equity
For 31 March 2019	Coke / coal	+5%	(4,016)	(4,016)
		-5%	4,016	4,016
	Iron Ore	+5%	(1,229)	(1,229)
		-5%	1,229	1,229
	Pig Iron	+5%	5,878	5,878
		-5%	(5,878)	(5,878)
For 31 March 2018	Coke / coal	+5%	(2,959)	(2,959)
		-5%	2,959	2,959
	Iron Ore	+5%	(976)	(976)
		-5%	976	976
	Pig Iron	+5%	4,384	4,384
		-5%	(4,384)	(4,384)

NOTE 51 :
CAPITAL MANAGEMENT

The Group's objectives when managing capital are to
- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, etc.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019, 31 March 2018 and 1 April 2017.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 52 :
STATEMENT OF NET ASSETS, PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS AND NON CONTROLLING INTEREST AS ON 31 MARCH 2019

Name of the Entity	Net Assets, i.e. total assets minus total liabilities		Share in profits or loss		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit / loss	Amount	As % of Consolidated profit / loss	Amount	As % of Consolidated profit / loss	Amount
Parent - Kirloskar Industries Limited	60.97%	102,796	25.48%	3,357	100.06%	(49,289)	127.28%	(45,932)
Indian Subsidiary - Kirloskar Ferrous Industries Limited	20.03%	33,773	38.34%	5,051	-0.03%	15	-14.04%	5,066
Non Controlling Interest	19.00%	32,038	36.18%	4,766	-0.03%	13	-13.24%	4,779
Total	**100%**	**1,68,607**	**100%**	**13,174**	**100%**	**(49,261)**	**100%**	**(36,087)**

NOTE 53 :

TRANSITION TO IND AS

These are the Group's first Consolidated Financial Statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the Consolidated Financial Statements for the year ended 31 March 2019, the comparative information presented in these Consolidated Financial Statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in Consolidated Financial Statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

I Exemptions availed

a) Provision for dismantling obligation

The Group has availed first-time adoption exemption with respect to existing decommissioning and restoration obligation. The Group has

a) measured the liability as at the date of transition;

b) estimated the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk-adjusted discount rate that would have been applied for that liability over the intervening period; and

c) calculated the accumulated depreciation on that amount, as at the date of transition to Ind AS, on the basis of the current estimate of the useful life of the asset.

II Exceptions applied

a) Estimates

The Group's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP.

b) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Explanation of transition to Ind AS:
The below mentioned reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101 for the following:

- equity as at 1 April 2017;
- equity as at 31 March 2018 and
- profit for the year ended March 31, 2018

There are no adjustments to the cash flow statements
In the reconciliations mentioned above, certain reclassifications have been made to previous GAAP financial information to align with the Ind AS presentation.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Reconciliation of equity as at 1 April 2017 (Date of transition to Ind AS):

	Note No.	Indian GAAP 1 April 2017	Ind AS adjustments	Ind AS 1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents		1,341	-	1,341
Bank balances other than (a) above		7,405	-	7,405
Derivative financial instruments	h	61	(61)	-
Receivables				
- Trade receivables	e, i	19,955	1,421	21,376
Investments	a, b	50,505	75,732	1,26,237
Other financial assets	e	1,484	(42)	1,442
		80,751	**77,050**	**1,57,801**
Non-financial assets				
Inventories		12,188	-	12,188
Current tax assets (Net)		1,534	-	1,534
Investment property		608	-	608
Property, plant and equipment	f	57,667	(77)	57,590
Capital work-in-progress		1,906	-	1,906
Intangible assets		418	-	418
Other non-financial assets		2,863	-	2,863
		77,184	**(77)**	**77,107**
TOTAL ASSETS		**1,57,935**	**76,973**	**2,34,908**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Derivative financial instruments	h	357	(58)	299
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		205	-	205
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		16,154	-	16,154
Borrowings (Other than debt securities)	i	9,687	1,427	11,114
Deposits	d	1,629	(207)	1,422
Other financial liabilities		3,202	-	3,202
		31,234	**1,162**	**32,396**
Non-Financial Liabilities				
Provisions		900	-	900
Deferred tax liabilities (Net)	k	8,143	(84)	8,059
Other non-financial liabilities	d	941	191	1,132
		9,984	**107**	**10,091**
Total liabilities		**41,218**	**1,269**	**42,487**
EQUITY				
Equity share capital		971	-	971
Other equity	a,b,d, e,f,h,k	87,461	75,705	1,63,166
Equity atributable to owners of the Company		**88,432**	**75,705**	**1,64,137**
Non-controlling Interest	h,k	28,285	(1)	28,284
Total equity		1,16,717	75,704	192,421
TOTAL LIABILITIES AND EQUITY		**1,57,935**	**76,973**	**2,34,908**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Reconciliation of equity as at 31 March 2018:

	Note No.	Indian GAAP 31 March 2018	Ind AS adjustments	Ind AS 31 March 2018
ASSETS				
Financial assets				
Cash and cash equivalents		257	-	257
Bank balances other than (a) above		2,977	-	2,977
Derivative financial instruments	h	48	(2)	46
Receivables				
- Trade receivables	e	29,307	(6)	29,301
Investments	a,b	55,883	86,395	1,42,278
Other financial assets	e	1,436	(62)	1,374
		89,908	**86,325**	**1,76,233**
Non-financial assets				
Inventories		21,719	-	21,719
Current tax assets (Net)		2,071	-	2,071
Deferred Tax assets (Net)	k	19	(1)	18
Investment property		672	-	672
Property, plant and equipment	f	58,882	(69)	58,813
Capital work-in-progress		7,568	-	7,568
Intangible assets		397	-	397
Other non-financial assets		3,101	-	3,101
		94,429	**(70)**	**94,359**
TOTAL ASSETS		**1,84,337**	**86,255**	**2,70,592**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Derivative financial instruments		-	-	-
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		687	-	687
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		35,088	-	35,088
Borrowings (Other than debt securities)		7,239	-	7,239
Deposits	d	1,631	(64)	1,567
Other financial liabilities		7,195	-	7,195
		51,840	**(64)**	**51,776**
Non-Financial Liabilities				
Provisions		924	-	924
Deferred tax liabilities (Net)	k	8,264	(1)	8,263
Other non-financial liabilities	d	1,900	56	1,956
		11,088	**55**	**11,143**
Total liabilities		**62,928**	**(9)**	**62,919**
EQUITY				
Equity share capital		971	-	971
Other equity	a, b, d, e, f, h, k	91,673	86,264	177,937
Equity atributable to owners of the Company		**92,644**	**86,264**	**1,78,908**
Non-controlling interest	h,k	28,765	-	28,765
Total equity		**1,21,409**	**86,264**	**2,07,673**
TOTAL LIABILITIES AND EQUITY		**1,84,337**	**86,255**	**2,70,592**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019
(Amounts in Indian Rupees lakhs, unless otherwise stated)

Reconciliation of total comprehensive income as at 31 March 2018

	Note	Indian GAAP 31 March 2018	Ind AS adjustments	Ind AS 31 March 2018
Revenue from operations				
Interest income		515	-	515
Dividend income		1,853	-	1,853
Net gain on fair value changes	b	-	132	132
Revenue from sale of products	g,i,j	1,73,234	3,532	176,766
Total revenue from operations		**1,75,602**	**3,664**	**179,266**
Other income	a, d, h	4,698	(957)	3,741
Total income		**1,80,300**	**2,707**	**1,83,007**
Expenses				
Finance costs	d,i	1,175	77	1,252
Cost material consumed	g	1,04,544	4,326	1,08,870
Purchases of Stock-in-Trade		5,986	-	5,986
Changes in inventories of finished goods, work-in-progress and by-product		26	-	26
Impairment on financial instruments	e	(32)	20	(12)
Employee benefit expenses	c	9,144	(106)	9,038
Depreciation and amortization expense	f	5,111	(8)	5,103
Corporate social responsibility expense		268	-	268
Operating and other expenses	j	44,084	(729)	43,355
Total expenses		**1,70,306**	**3,580**	**1,73,886**
Profit before tax		**9,992**	**(873)**	**9,121**
Tax expense				
- Current tax		2,146	-	2,146
- Short/ (Excess) provision of earlier years		(46)	-	(46)
- Deferred tax	k	96	120	216
Profit for the period		**7,798**	**(993)**	**6,805**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
a) Remeasurements of defined benefit plan	c	-	(106)	(106)
b) Equity instruments fair valued through other comprehensive income	a	-	11,623	11,623
c) Income tax relating to items that will not be reclassified to profit or loss	k	-	(37)	(37)
Other comprehensive income		**-**	**11,554**	**11,554**
Total comprehensive income for the period		**7,796**	**10,561**	**18,359**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Notes:

a) FVTOCI financial assets

Under Indian GAAP, the Company accounted for long term investments in equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. The difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity.

b) FVTPL financial assets

Under Indian GAAP, current investments in mutual funds are measured at cost or net realisable value, whichever is lower. Under Ind AS, investments in mutual funds are classified as 'fair value through profit or loss' and are measured at fair value at each reporting date. The subsequent changes in the fair value of such investments are recognised in statement of profit and loss.

c) Employee benefit expenses - actuarial gains and losses

Under Indian GAAP, actuarial gains and losses on post-employment defined benefit plans are recognised immediately in statement of profit and loss. Under Ind AS, remeasurements which comprise of actuarial gains and losses, return on plan assets and changes in the effect of asset ceiling, if any, with respect to post-employment defined benefit plans are recognised immediately in other comprehensive income (OCI). Further, remeasurements recognised in OCI are never reclassified to statement of profit and loss.

d) Interest-free security deposits received

Under Indian GAAP, interest-free lease security deposits received are reported at their transaction values. Under Ind AS, interest-free security deposits are measured at fair value on initial recognition and at amortised cost on subsequent recognition. The difference between the transaction value and fair value of the lease deposit at initial recognition is treated as pre-received lease rentals. This amount is recognised in statement of profit and loss on a straight line basis over the lease term.

e) Expected credit loss

Under Indian GAAP, provision for doubtful debts is recognised on an incurred credit loss model. Under Ind AS, such provision is recognised on an expected credit loss model. The Company uses a provision matrix to determine impairment loss of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable. At every reporting date, the historically observed default rates are updated, and changes in estimates are analysed.

f) Provision for dismantling obligation

Under Indian GAAP, provision for dismantling obligation is recognised in accordance with AS 10 (Revised). The obligation is measured as on the date of initial application of standard and capitalised in the cost of property, plant and equipment. Under Ind AS, the Company has capitalised the obligation in the cost of the respective asset as on the date on which obligation first arose.

g) Excise duty

Under Indian GAAP, excise duty is reduced from gross revenues to report revenues net of excise duty. Under Ind AS, revenue includes gross inflows of economic benefits received by a company for its own account. Excise duty collected, which is a duty on manufacture and a primary obligation of the manufacturer is considered as revenue with the corresponding payments to Government as expenditure. This adjustment does not have any impact on statement of profit and loss.

h) Foreign exchange forward derivative contracts

Under Indian GAAP, the premium or the discount on foreign exchange forward derivative contracts related to underlying receivables and payables are amortised over the period of the contracts. In case

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Indian Rupees lakhs, unless otherwise stated)

of foreign exchange forward derivative contracts entered into at highly probable future transactions or firm commitments, mark to market losses (gains are ignored), if any, are recognised in the statement of profit and loss at the reporting date. Under Ind AS, all the foreign exchange forward derivative contracts are recorded at fair value with the subsequent changes in fair value recognised in the statement of profit and loss.

i) Bill discounting

Under Indian GAAP, the Company has derecognised the trade receivables against which the bills discounting facility has been availed; and has disclosed such bills discounted which are outstanding as at the balance sheet date under contigent liabilities. Under Ind AS, the risk of default associated with certain trade receivables against which the bill discounting facility has been availed remains with the Company. The Company has implemented the Ind AS derecognition accounting prospectively post transition date in line with the first time adoption exemptions available under Ind AS 101.

j) Discount and commission on sales

Under Indian GAAP, discounts and certain customer incentives were reported as a separate expenditure in the profit and loss account.

Under Ind AS, revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the company.

k) Deferred tax

Under Indian GAAP, deferred taxes are recognised using income statement approach i.e. reflecting the tax effects of timing differences between accounting income and taxable income for the period. Under Ind AS, deferred taxes are recognised using balance sheet approach i.e. reflecting the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using the income tax rates enacted or substantively enacted at reporting date. Also, deferred taxes are recognised on account of the above mentioned changes explained in notes (a) to (j), wherever applicable, are summarised below.

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. APTE & Co.
Chartered Accountants
Firm Registration Number: 100515W

P.P. Kulkarni
Partner
Membership Number: 035217
Pune: 16 May 2019

Mahesh Chhabria
Managing Director
DIN 00166049

Ashwini Mali
Company Secretary
ACS 19944

Aditi Chirmule
Executive Director
DIN 01138984

Jasvandi Deosthale
Chief Financial Officer
ACA 111693
Pune:16 May 2019

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

CIN: L70100PN1978PLC088972

Registered Office: Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune 411 005 (India).
Phone: +91-(20)-2970 4374, Telefax: +91-(20)-2970 4374
Email: investorrelations@kirloskar.com, Website: www.kil.net.in

ATTENDANCE SLIP

ANNUAL GENERAL MEETING ON THURSDAY, 8 AUGUST 2019, AT 2.00 P.M.

Registered Folio No. / DP ID and Client ID	
Name and address of the Member(s)	
Joint Holder 1	
Joint Holder 2	
No. of shares	

I / We hereby record my / our presence at the Annual General Meeting of the Company at S. M. Joshi Socialist Foundation (S.M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030, on Thursday, 8 August 2019, at 2.00 p.m.

Member's Folio / DP ID / Client ID   Member's / Proxy's name in Block Letter   Member's / Proxy's Signature

Note: Please complete the Folio / DP ID / Client ID and name, sign this Attendance Slip and hand it over at the Attendance Verification counter at the ENTRANCE OF THE MEETING HALL.

TEAR HERE

TEAR HERE

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

CIN: L70100PN1978PLC088972

Registered Office: Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune 411 005 (India).
Phone: +91-(20)-2970 4374, Telefax: +91-(20)-2970 4374
Email: investorrelations@kirloskar.com, Website: www.kil.net.in

PROXY FORM

ANNUAL GENERAL MEETING ON THURSDAY, 8 AUGUST 2019, AT 2.00 P.M.

Name of the Member(s)

Registered Address

E mail ID

Folio / DP ID / Client ID

I / We, being the member (s) of .... shares of the above named company, hereby appoint

1. Name: .... Address: ....
   E-mail Id: .... Signature: ...., or failing him
2. Name: .... Address: ....
   E-mail Id: .... Signature: ...., or failing him
3. Name: .... Address: ....
   E-mail Id: .... Signature: ...., or failing him

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting of the Company, to be held on Thursday, 8 August 2019, at 2 p.m. at any adjournment thereof in respect of such Resolutions:

Resolution No.	Resolution	Number of equity shares	Optional*	
			For	Against
1.	Adoption of Audited Financial Statements of the Company for the Financial Year ended 31 March 2019 and Report of Board of Directors and Auditors thereon			
2.	Declaration of Dividend on equity shares for the Financial Year ended 31 March 2019			
3.	Re-appointment of Mr. Atul Kirloskar (DIN 00007387), who retires by rotation			
4.	Re-appointment of Mr. Anil Alawani (DIN 00036153), who retires by rotation			
5.	Payment of managerial remuneration to Directors pursuant to the provisions of Section 197 of the Companies Act, 2013			
6.	Revision in the remuneration of Mr. Mahesh Chhabria (holding DIN 00166049), Managing Director of the Company			
7.	Revision in the remuneration of Ms. Aditi Chirmule (holding DIN 01138984), Executive Director of the Company			
8.	Payment of managerial remuneration to Non-Executive Directors			
9.	Addition to the existing terms and conditions of appointment of Mr. Vinesh Kumar Jairath, Non-Executive Director of the Company, in the capacity as Advisor to the Company			

Signed this .... day of 2019

Signature of Member ....

Signature of Proxy holder ....

Please affix Revenue Stamp

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

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Enriching Lives

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