KIRLOSKAR FERROUS INDUSTRIES LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2017-2018

Enriching Lives

RISING TO A NEW WORLD

We are witnessing the dawn of a new world, a world that is driven, connected and evolved by rapidly advancing technologies. That’s why, we at Kirloskar, have already taken this crucial step towards the future by upgrading to smart factories. From equipping our products with state-of-the-art predictive and real-time monitoring systems to automating an inter-connected manufacturing process, we are gearing up to take customer experience to a whole new level. We are rising to a smart, efficient and connected world with customer satisfaction at the core.

27th ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

BOARD OF DIRECTORS

Name of Director	Designation	DIN
Mr. Atul C. Kirloskar	Chairman	00007387
Mr. Rahul C. Kirloskar	Vice Chairman	00007319
Mr. R. V. Gumaste	Managing Director	00082829
Mr. A. N. Alawani	Non Independent Director	00036153
Mr. A. R. Jamenis	Independent Director	00082620
Mr. B. S. Govind	Independent Director	06912189
Mr. R. Sampath Kumar	Independent Director	06894180
Mrs. Nalini Venkatesh	Independent Director	06891397
Mr. Y. S. Bhave	Independent Director	00057170
Mr. M. R. Chhabria (w.e.f. 3rd November, 2017)	Additional Director	00166049

COMPANY SECRETARY
Mr. C. S. Panicker

CHIEF FINANCIAL OFFICER
Mr. R. S. Srivatsan

AUDITORS
M/s. Kirtane & Pandit LLP, Chartered Accountants

BANKERS
Bank of Maharashtra
Axis Bank Limited
HDFC Bank Limited
Canara Bank
The Hongkong and Shanghai Banking Corporation Limited
ICICI Bank Limited
DBS Bank Limited

REGISTRAR AND SHARE TRANSFER AGENT
Link Intime India Private Limited
Akshay Complex, Block No 202, 2nd Floor,
Off Dhole Patil Road, Near Ganesh Temple,
Pune - 411 001

REGISTERED OFFICE
13, Laxmanrao Kirloskar Road, Khadki, Pune - 411 003

FACTORY
1) Bevinahalli Village, P. O. Hitnal
Taluka and District Koppal, Karnataka - 583 234
2) Hotgi Road, Shivashahi, Solapur
Maharashtra - 413 224

Information for Shareholders

27th Annual General Meeting

Date	:	Wednesday, 25th July, 2018
Time	:	12 noon
Venue	:	Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
Date of Book Closure	:	16th July, 2018 to 25th July, 2018 (both days inclusive)

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KIRLOSKAR FERROUS INDUSTRIES LIMITED
A DECADE AT A GLANCE

(₹ in Millions)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Net sales / revenue from operations	6,991.39	8,069.87	10,917.58	10,896.51	11,981.09	12,321.61	13,650.92	11,139.30	12,767.60	17,238.70
Other income	50.87	102.27	19.81	20.84	24.91	30.75	31.10	22.48	53.40	51.60
Total income	**7,042.26**	**8,172.14**	**10,937.39**	**10,917.35**	**12,006.00**	**12,352.36**	**13,682.02**	**11,161.78**	**12,821.00**	**17,290.30**
Raw material and stores consumed	5,254.59	5,790.99	8,548.17	8,103.05	8,646.38	9,209.08	9,702.97	7,131.58	8,542.80	13,038.30
Employees remuneration and benefits	306.52	327.72	330.56	427.73	511.76	495.63	651.93	709.22	735.20	806.60
Other expenses	930.76	1,030.56	1,028.14	1,433.28	1,739.84	1,500.88	1,806.50	1,790.01	1,768.00	2,296.20
Total expenses	**6,491.87**	**7,149.27**	**9,906.87**	**9,964.06**	**10,897.98**	**11,205.59**	**12,161.40**	**9,630.81**	**11,046.00**	**16,141.10**
Profit before interest, depreciation and amortisation	**550.39**	**1,022.87**	**1,030.52**	**953.29**	**1,108.02**	**1,146.77**	**1,520.62**	**1,530.97**	**1,775.00**	**1,149.20**
(% to Total income)	7.82	12.52	9.42	8.73	9.23	9.28	11.11	13.72	13.84	6.65
Interest / finance cost	117.27	60.59	41.45	104.70	151.80	229.05	297.99	235.05	105.40	109.70
Depreciation and amortisation	230.40	259.65	270.44	291.98	332.03	337.86	504.18	443.66	458.70	495.30
Profit before Tax	**202.72**	**702.63**	**718.63**	**556.61**	**624.19**	**579.86**	**718.45**	**852.26**	**1,210.90**	**544.20**
(% to Total Income)	2.88	8.60	6.57	5.10	5.20	4.69	5.25	7.64	9.44	3.15
Tax provisions	123.23	211.95	235.34	185.81	233.33	181.49	225.69	274.92	332.60	164.20
Net Profit after Tax	**79.49**	**490.68**	**483.29**	**370.80**	**390.86**	**398.37**	**492.76**	**577.34**	**878.30**	**380.00**
(% to Total income)	1.13	6.00	4.42	3.40	3.26	3.23	3.60	5.17	6.85	2.20
Other Comprehensive Income	-	-	-	-	-	-	-	-	2.50	(6.10)
Equity share capital	**686.47**	**686.49**	**686.54**	**686.54**	**686.54**	**686.54**	**686.54**	**686.54**	**686.54**	**686.54**
Reserves										
Share premium	1,937.97	1,938.06	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38
General reserves	50.00	100.00	150.00	200.00	250.00	300.00	350.00	400.00	450.00	500.00
Profit and Loss account	298.58	540.91	815.65	976.86	1,191.86	1,339.44	1,575.42	1,895.42	2,750.82	2,785.52
Share option outstanding account	-	-	-	-	-	-	-	-	-	14.40
Total	**2,286.55**	**2,578.97**	**2,904.03**	**3,115.24**	**3,380.24**	**3,577.82**	**3,863.80**	**4,233.80**	**5,139.20**	**5,238.30**
Deferred Tax (assets) / liability	**315.01**	**319.11**	**379.68**	**420.55**	**514.75**	**641.76**	**730.59**	**789.04**	**804.70**	**826.30**
Non Current Liabilities Provisions									**13.60**	**16.60**
Long term loans	**188.57**	**62.85**	-	-	**804.62**	**602.31**	**100.00**	-	-	-
Net fixed assets including CWIP	3,288.68	3,382.73	3,590.97	3,851.77	4,881.68	5,691.13	5,731.09	5,582.60	5,930.40	6,340.90
Net current assets other than cash and bank balance	61.19	98.39	67.74	50.49	(17.20)	(413.25)	(584.12)	(92.49)	462.50	216.30
Cash and bank balance	126.75	166.60	184.02	136.15	145.81	115.24	101.05	60.17	123.40	51.90
Non current assets			127.52	183.92	375.87	115.31	132.91	171.80	127.60	158.50
Capital employed	**3,476.62**	**3,647.72**	**3,970.25**	**4,222.33**	**5,386.16**	**5,508.43**	**5,380.93**	**5,722.08**	**6,643.90**	**6,767.60**
Net worth	**2,973.02**	**3,265.46**	**3,590.57**	**3,801.78**	**4,066.78**	**4,264.36**	**4,550.34**	**4,920.34**	**5,825.74**	**5,910.44**
Number of equity shares	137,294,479	137,297,303	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081
Earnings per share (Rs.)	0.58	3.57	3.52	2.70	2.85	2.90	3.59	4.20	6.40	2.77
Book value per share (Rs.)	21.65	23.78	26.15	27.69	29.62	31.06	33.14	35.83	42.43	43.05
Dividend %	10	20	20	20	25	25	25	25	35	25

Notes:
Net worth = Share capital + Reserves.
Net current assets has been calculated by deducting current liabilities and short term borrowings from the current assets.
Figures upto 2015-16 have been prepared in accordance with Schedule VI / Indian GAAP.
Figures of 2016-17 and 2017-18 have been prepared in accordance with Ind-AS.
Figures have been regrouped wherever necessary.

NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Members of Kirloskar Ferrous Industries Limited will be held on Wednesday, the 25th day of July, 2018 at 12 noon at Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002 to transact the following business :

ORDINARY BUSINESS

Item No. 1

To receive, consider and adopt the Financial Statements for the year ended on 31st March, 2018 and also the reports of the Auditors and the Board of Directors thereon.

Item No. 2

To declare a dividend on equity shares for the financial year ended 31st March, 2018.

Item No. 3

To appoint a Director in place of Mr. A. N. Alawani (DIN : 00036153), who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 4

To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"**RESOLVED THAT**, pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules thereof, the appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No. 105215W / W100057) be and is hereby ratified as the Statutory Auditors of the Company to hold office from the conclusion of 27th Annual General Meeting till the conclusion of 28th Annual General Meeting, at such remuneration, in addition to applicable taxes and reimbursement of out of pocket expenses, as may be mutually agreed between the Board of Directors and the Statutory Auditors."

SPECIAL BUSINESS

Item No. 5

To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"**RESOLVED THAT**, pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and rules thereof (including any statutory modification(s) or re-enactment thereof for the time being force), the remuneration of ₹ 300,000 (Rupees Three Lakh only) plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual basis to be paid to M/s. Parkhi Limaye and Co, Cost Accountants appointed as Cost Auditors for the conduct of the cost audit of the Company for the financial year ending 31st March, 2019, as recommended by the Board of Directors, be and is hereby ratified."

Item No. 6

To consider and if thought fit, to pass, with or without modifications, the following resolution as a Ordinary Resolution:

"**RESOLVED THAT**, pursuant to provisions of Section 152, 161 and any other applicable provisions of the Companies Act, 2013 and rules thereof, Mr. Mahesh Ramchand Chhabria (DIN : 00166049), who was appointed as an Additional Director at the meeting of the Board of Directors held on 3rd November, 2017 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office as a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Item No. 7

To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"**RESOLVED THAT**, pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules thereof (including any statutory modifications or re-enactment thereof for the time being in force) read with Articles 95, 96, 97 and 98 of the Articles of Association of the Company and subject to such other approvals as may be necessary, the consent of the Members be and is hereby accorded to the re-appointment of Mr. Ravindranath Venkatesh Gumaste (DIN : 00082829) as the Managing Director of the Company for a term of five years with effect from 1st July, 2018 upon the terms and conditions as set out in the agreement entered into between the Company and Mr. R. V. Gumaste and on the remuneration and other terms as set out below :

(A) Salary

Basic Salary ₹ 800,000 per month, with the increment as may be determined by the Board of Directors of the Company from time to time.

(B) Special Allowance ₹ 50,000 per month.

(C) Perquisites

In addition to the aforesaid salary, Mr. R. V. Gumaste as Managing Director shall be entitled to the following perquisites :

1. Fully furnished residential accommodation, perquisite valuation of which shall not exceed ₹ 20,000 per month. Where no accommodation is provided by the Company, House Rent Allowance at the rate of ₹ 20,000 per month in lieu thereof may be paid.

   The expenses on soft and hard furnishings not exceeding ₹ 15,000 per month shall be borne by the Company. The expenses on gas, electricity, water and other utilities shall be borne by the Company.

2. Family Medicare Policy premium under mediclaim insurance policy not exceeding ₹15,000 per annum.

3. Reimbursement of all medical expenses, including hospitalisation expenses, incurred for self and family, other than expenses claimed under the Family Medicare Policy.

4. Leave travel assistance for self and family once in a year, in accordance with the rules of the Company, not exceeding ₹ 90,000 per annum.

5. Fees of clubs, subject to a maximum of two clubs, which will include admission fee but will not include life membership fees.

6. Personal accident insurance, premium whereof does not exceed ₹ 25,000 per annum.

7. A car with driver for official and personal purpose.

8. Telephone and Internet facilities at residence and a mobile phone facility for use on Company's business.

9. Contribution to provident fund, superannuation fund, or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

10. Gratuity at the rate not exceeding one month's salary for each completed year of service or part thereof (on pro-rata basis), and

11. Leave at the rate of 30 days per calendar year of service. Leave calculation for a part of the calendar year at the date of appointment as Managing Director or on ceasing to be Managing Director shall be made on a pro-rata basis at the rate of two and a half days leave for every completed month of service. Leave accumulated and not availed of may be encashed at the end of the tenure as per the rules of the Company.

"Family" for the above purpose means wife, dependent children and dependent parents of the Managing Director.

Perquisites shall be evaluated as per the provisions of the Income Tax Rules.

(D) Commission

Commission shall be decided by the Nomination and Remuneration Committee and approved by the Board of Directors based on the net profits of the Company each year, subject to the condition that the aggregate remuneration of the Managing Director shall not exceed the limit as laid down under Sections 197, 198 and Schedule V of the Companies Act, 2013.

(E) Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Managing Director, the remuneration shall be in accordance with the ceiling prescribed in Schedule V to the Companies Act, 2013 or any statutory modification thereof.

(F) The Managing Director shall not be paid any sitting fees for attending any meeting of the Board of Directors or Committees thereof.

RESOLVED FURTHER THAT, Mr. R. V. Gumaste, Managing Director shall be eligible to receive stock options of the Company as decided by the Board or its Committee, from time to time.

RESOLVED FURTHER THAT, Mr. R. V. Gumaste shall not be liable to retire by rotation till he continues as the Managing Director of the Company.

RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution and also to revise the terms of remuneration from time to time within the limits prescribed and permitted under Sections 197 and Schedule V of the Companies Act, 2013 as amended from time to time, during the aforesaid period without being required to seek any fresh approval of the members of the Company, but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration and that the decision of the Board of Directors shall be final and conclusive in this regard."

Item No. 8

To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

"**RESOLVED THAT**, pursuant to the provisions of Sections 149, 152 and any other applicable provisions read with Schedule IV of the Companies Act, 2013 and the rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ashok Ramkrishna Jamenis (DIN : 00082620), who holds office as an Independent Director upto 12th August, 2018 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of two consecutive years upto 12th August, 2020."

By order of the Board of Directors

Registered Office :
13, Laxmanrao Kirloskar Road,
Khadki, Pune 411003.
CIN : L27101PN1991PLC063223
Email : investor@kfil.com

C. S. Panicker
Company Secretary

Pune : 11th May, 2018

NOTES :

i) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 16th July, 2018 to Wednesday, 25th July, 2018 (both days inclusive).

ii) A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

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

Proxy Form/s, in order to be effective, must be received at the Registered Office of the Company at Pune, not later than 48 hours before the time fixed for the meeting.

Proxies shall not have any right to speak at the meeting.

iii) The dividend, if declared at the Annual General Meeting, will be paid to those members :

a) whose names appear as Beneficial Owners as at the end of the business hours on 15th July, 2018 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of equity shares held in electronic form; and

b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before 15th July, 2018.

iv) Members, who hold shares in physical form, are requested to advise the Company immediately of any change in their addresses.

v) Members, who hold shares in electronic form, are requested to intimate details regarding change of address, etc. to the Depository Participants, where they have their Demat accounts.

vi) Members may avail of the facility of dematerialisation by opening Demat accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get equity share certificates held by them dematerialised.

vii) Members, who hold shares in electronic form, are requested to bring their Client Id and DP Id for easy identification.

viii) Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialized at the earliest.

ix) In case members wish to ask for any information about accounts or operations of the Company, they are requested to send their queries in writing at least 7 days before the date of the meeting, so that the information can be made available at the time of the meeting.

x) Members / proxies are requested to bring their attendance slip duly filled in.

xi) Members are requested to bring their copy of the Annual Report for the meeting.

xii) Members having multiple folios are requested to intimate to the Company such folios to enable the Company to consolidate all shareholdings into one folio.

xiii) **Green Initiative in the Corporate Governance - Registration of email address**

The members are requested to register email address with the Depository Participant / the Registrar and Share Transfer Agent of the Company, i.e. Link Intime India Private Limited, as the case may be, for service of documents.

Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the Members the facility to exercise their right to vote on resolutions proposed to be considered at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

The facility for voting through ballot paper shall be made available at the AGM to the Members attending the meeting. The Members, who have not cast their vote by remote e-voting, shall be able to exercise their right to vote at the meeting through ballot paper.

The Members, who have cast their vote by remote e-voting prior to the AGM, may also attend the AGM but shall not be entitled to cast their vote again.

The remote e-voting period commences on 22nd July, 2018 (9 a.m.) and ends on 24th July, 2018 (5 p.m.). During this period, the Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 18th July, 2018 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting after 5 p.m. on 24th July, 2018. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

The process and manner for remote e-voting are as under :

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below :

Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below :

How to Log-in to NSDL e-Voting website ?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******

b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below :

   (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   (c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password :

   (a) Click on "**Forgot User Details/Password ?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com

   (b) "**Physical User Reset Password ?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com

   (c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below :

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of Company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Instructions for e-voting :

- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer by e-mail to csmsp.office@gmail.com with a copy marked to evoting@nsdl.co.in
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on Toll Free No. 1800-222-990.
- You can also update your mobile number and e-mail id in the user profile details of the folio, which may be used for sending future communication(s).
- The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 18th July, 2018.
- Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 18th July, 2018 may obtain the login ID and password by sending a request at evoting@nsdl.co.in However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details / Password” option available on www.evoting.nsdl.com
- A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only, shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- Ms. Manasi Paradkar, Practicing Company Secretary (Membership No. FCS 5447 and CP No. 4385) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of ballot paper for all those members, who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.kfil.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 26 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Item No. 3 of the Notice

Mr. Anil Narayan Alawani

Mr. Anil Narayan Alawani, aged 72 years, is a Chartered Accountant by profession and has been associated with the Kirloskar Group of Companies since 1977. Prior to his appointment as a Director in the Company, he was Director (Finance) of Kirloskar Oil Engines Limited. Besides his core area of finance and taxation, he has experience in import–export and labour matters. His abilities in corporate tax planning and finance have helped the Company immensely, in financial restructuring and tax benefits.

He was appointed as a Director of the Company on 22nd October, 2005.

He is a Member of the Audit Committee, the Stakeholders Relationship Committee, and the Nomination and Remuneration Committee.

Other Directorships

Kirloskar Industries Limited	Kirloskar Integrated Technologies Private Limited
S. L. Kirloskar CSR Foundation	

Other Committee Positions

Name of the Company	Name of Committee and position held
Kirloskar Industries Limited	Audit Committee – Member
	Corporate Social Responsibility Committee – Chairman
	Nomination and Remuneration Committee – Member
	Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders Relationship Committee – Chairman

He is not related to any Director on the Board of Directors of the Company.

He holds 35,000 equity shares (0.025 percent) in the Company.

Mr. Anil N. Alawani retires by rotation, and being eligible, offers himself for reappointment.

Mr. Anil N. Alawani may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of his shareholding.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution as set out in Item No. 3 of the Notice.

The Board recommends the ordinary resolution as set out at Item No. 3 of the Notice for approval by the members.

Item No. 5 of the Notice

The Board of Directors at its meeting held on 3rd May, 2018 has appointed M/s. Parkhi Limaye and Co, Cost Accountants as the Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year ending 31st March, 2019 and fixed the remuneration of ₹ 300,000 (Rupees Three Lakh only) plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual, subject to the ratification of the Members at the Annual General Meeting.

Pursuant to provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 the remuneration of Cost Auditor shall be recommended by the Audit Committee, approved by the Board of Directors and ratified subsequently by the members. Accordingly, it is proposed to obtain the consent of the Members to ratify the remuneration and the reimbursement of expenses at actual to the Cost Auditors for the financial year ending 31st March, 2019.

None of the Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the ordinary resolution as set out at Item No. 5 of the Notice for approval by the Members.

Item No. 6 of the Notice

Mr. Mahesh Ramchand Chhabria

Pursuant to provisions of Section 161(1) of the Companies Act, 2013 read with the Articles of Association of the Company, the Board of Directors of the Company co-opted Mr. Mahesh R. Chhabria (DIN : 00166049) as an Additional Director of the Company with effect from 3rd November, 2017. He holds office upto the date of ensuing Annual General Meeting.

Pursuant to Section 160 of the Companies Act, 2013 the Company has received a notice in writing from a member proposing candidature of Mr. Mahesh R. Chhabria as a Director of the Company.

The Board of Directors recommends his appointment as a Director of the Company.

Mr. Mahesh R. Chhabria, aged 54 years, has been associated with the Kirloskar Group of Companies since 2014.

He has a firm belief in the emerging market growth story and corporate India's push to go global. He decided to act on this belief by joining Actis which is recognized as a long-standing investor in India with an emerging market sector-based approach to investing both in minority and control deals. He previously worked at 3i India, where he was a partner in the firm's Growth Capital Group and the lead partner globally for the Healthcare sector, heading up and contributing to 3i investments in India and international markets. Before making the move to private equity in 2006, he was co-head of investment banking at Enam, one of the leading domestic investment banks in India.

He is a commerce graduate from the University of Mumbai, and is an Associate Member of the Institute of Chartered Accountants of India. Since joining Actis in 2010, he has plunged himself into the business forging new contacts, and calling upon his existing network to help build value in Actis India-based portfolio.

He does not hold any committee position in the Company.

Other Directorships

Kirloskar Industries Limited	Kirloskar Proprietary Limited
Kirloskar Oil Engines Limited	Kirloskar Aecom Private Limited
Deepak Fertilisers and Petrochemicals Corporation Limited	Enam Asset Management Company Private Limited
Kirloskar Capital Limited	

Other Committee Positions

Name of the Company	**Name of Committee and position held**
Kirloskar Oil Engines Limited	Audit Committee – Member Nomination and Remuneration Committee – Member
Deepak Fertilisers and Petrochemicals Corporation Limited	Audit Committee – Member Risk Management Committee – Chairman
Kirloskar Proprietary Limited	Remuneration Committee – Member

He is not related to any Director on the Board of Directors of the Company.

He does not hold any equity share in the Company.

Keeping in view his vast experience and knowledge, it will be in the interest of the Company that he is appointed as a Director.

Mr. Mahesh R. Chhabria may be deemed to be concerned or interested, financially or otherwise, in the resolution.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution as set out in Item No. 6 of the Notice.

The Board recommends the ordinary resolution as set out at Item No. 6 of the Notice for approval by the members.

Item No. 7 of the Notice

Mr. Ravindranath Venkatesh Gumaste

Mr. Ravindranath Venkatesh Gumaste (DIN : 00082829) completed B. Tech in Metallurgical Engineering from Karnataka Regional Engineering College, Surathkal in 1981. He has been associated with the Kirloskar Group since July 1981, when he joined Kirloskar Oil Engines Limited as a Graduate Trainee Engineer. He worked in several departments such as Heat Treatment, Metallurgical Quality Control, etc, in various capacities for a period of twelve years till June 1993.

He joined the Company in 1993. He was promoted as SBU Chief for pig iron business in 1998 and thereafter as Senior Vice President (Operations) in 2001. He took various initiatives to improve the performance of the Company, such as cost reduction drive on all front, improvement in the production process, increasing the productivity of foundry operations and quality of output, negotiating for reduction in the raw material prices, improvement of market share of the castings etc.

He was appointed as an Executive Director of the Company with effect from 25th July, 2002 and has been the Managing Director of the Company since 1st July, 2003.

The Board of Directors at its meeting held on 3rd May, 2018 has reappointed him as the Managing Director of the Company for a period of five years with effect from 1st July, 2018 and has also fixed the terms of remuneration payable to him, subject to the approval of the members at the ensuing Annual General Meeting.

He is not liable to retire by rotation till he continues as the Managing Director.

He is not related to any other Director on the Board of Directors of the Company.

He is the Member of the CSR Committee of the Company.

He does not hold any directorship in any other company.

He holds 99,021 equity shares (0.07 percent) in the Company.

Mr. R. V. Gumaste may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of his shareholding

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution as set out in Item No. 7 of the Notice.

The Board recommends the ordinary resolution as set out at Item No. 7 of the Notice for approval by the members.

Item No. 8 of the Notice

Mr. Ashok Ramkrishna Jamenis

Pursuant to provisions of Section 149(6) of the Companies Act, 2013 and rules threof, the Members of the Company at the Annual General Meeting held on 13th August, 2014 had appointed Mr. A. R. Jamenis (DIN : 00082620) as an Independent Director of the Company.

In terms of provisions of Section 149(10) of the Companies Act, 2013 and Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to be effective from 1st April, 2019, Mr. A. R. Jamenis is eligible for reappointment on passing of special resolution by the Members of the Company and disclosure of such appointment in Board's Report.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. A. R. Jamenis for the office of Director of the Company.

Mr. A. R. Jamenis is proposed to be appointed as an Independent Director for a term of two consecutive years upto 12th August, 2020 pursuant to provisions of Sections 149, 152 and other applicable provisions read with Schedule IV of the Companies Act, 2013; rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. A. R. Jamenis, aged 75 years, completed his Graduation in Mechanical Engineering in 1965 from the University of Pune. He has been associated with the Kirloskar Group of Companies when he joined Kirloskar Oil Engines Limited in 1967. He has worked in various capacities and has acquired experience in the field of Production, Quality and SBU administration of Small and Medium engines, etc. of Kirloskar Oil Engines Limited. He resigned from Kirloskar Oil Engines Limited as Executive Vice President (Engines) in 1998 to shoulder the responsibility as the Managing Director of Kirloskar Ferrous Industries Limited.

He has by his knowledge and experience turned around the Company from a loss making Company to a profit making one. He resigned from the office of Managing Director with effect from 31st January, 2003 and continued to be a Director liable to retire by rotation. He was appointed as an Independent Director of the Company for a term of four consecutive years upto 12th August, 2018 by the Members at their Annual General Meeting held on 13th August, 2014.

He is the Chairman of the Audit Committee and the Nomination and Remuneration Committee. He is a member of the Stakeholders Relationship Committee and the CSR Committee.

He does not hold any directorship in any other company.

He is not related to any other Director on the Board of Directors of the Company.

He is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

The Company has received a declaration from him that he meets with the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board is of the opinion that he fulfills the conditions for his appointment as Independent Director and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively and he is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his service as an Independent Director for another term of two years.

The draft letter for appointment of Mr. A. R. Jamenis as an Independent Director setting out the terms and conditions is available for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

He holds 3,400 equity shares (0.002 percent) in the Company.

Mr. A. R. Jamenis may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of his shareholding

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution as set out in Item No. 8 of the Notice.

The Board recommends the special resolution as set out at Item No. 8 of the Notice for approval by the members.

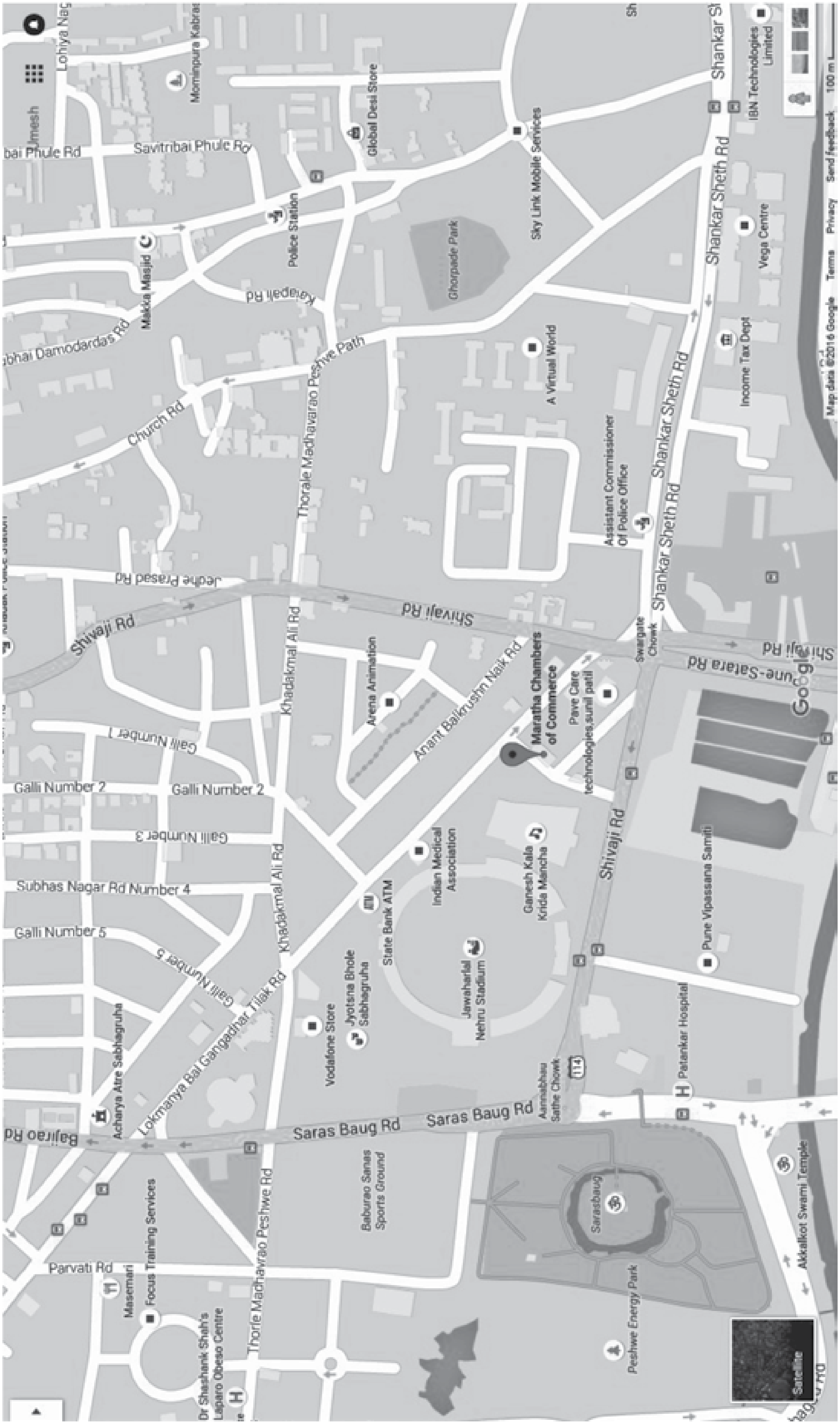
By order of the Board of Directors

Registered Office :
13, Laxmanrao Kirloskar Road,
Khadki, Pune 411003.
CIN : L27101PN1991PLC063223
Email : investor@kfil.com

C. S. Panicker
Company Secretary

Pune : 11th May, 2018

Route Map of the venue of the Annual General Meeting



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting 27th Annual Report together with the Audited Annual Accounts for the year ended 31st March, 2018.

I. FINANCIAL PERFORMANCE

The financial results of the Company for the financial year 2017-2018 as compared with the previous year are as follows -

(Rupees in Lakhs)

	2017-2018	2016-2017
Total Income	**172,903**	128,210
Profit before tax	**5,442**	12,109
Tax Expenses	**1,642**	3,326
Profit for the year	**3,800**	8,783
Other comprehensive income for the year	**(61)**	25
Total comprehensive income for the period	**3,739**	8,808
Profit brought forward from previous year	**27,508**	19,200
Dividend paid on equity shares for the FY 2016-2017	**(2,403)**	-
Tax on above Dividend for the FY 2016-2017	**(489)**	-
Profit available for appropriation	**28,355**	28,008
Transfer to General Reserves	**500**	500
Balance carried to Surplus in Statement of Profit and Loss	**27,855**	27,508

DIVIDEND

For the year under review, your Directors have recommended a dividend of 25 percent (₹1.25 per equity share). Dividend will be recognized as liability when approved by the members at the forthcoming Annual General Meeting as per new accounting standard.

II. MANAGEMENT DISCUSSION AND ANALYSIS

A. Economy and Industry Overview

Global Economy and outlook:

The world economy has strengthened as lingering fragilities related to the global financial crisis subside. In 2017, global economic growth reached 3 percent, the highest growth rate since 2011. The improved global economic situation provides an opportunity for countries to focus policy towards longer-term issues such as low carbon economic growth, reducing inequalities, economic diversification and eliminating deep-rooted barriers that hinder development.

The World Bank has forecast a growth of 3.1 percent this year based on broad-based recovery was underway across the world. The forecast was 0.2 percentage point higher than its earlier projections.

Indian Economy:

During the first Quarter, April to June 2017, GDP growth of India fell to 5.7 percent - its lowest growth in three years. Two major decisions on economic policy had a severe impact on 2017. First was the demonetisation in November 2016 and second related to the implementation of Goods and Service Tax (GST). GST implementation resulted in many business entities slowing down their business in June 2017 to minimise the stocks and inventories as on 1st July, 2017.

However, in the second quarter, the GST growth made a sharp rebound to 6.3 percent, although the agricultural growth remained mute. Overall growth for financial year is expected to be around 6.60 percent per annum.

The trade deficit for FY 2017-2018 was estimated at US$ 87.17 billion as compared to US$47.70 billion in the corresponding period last year. Oil imports during FY 2017-2018 were valued at US$ 109.11 billion which was 25.47 percent higher than the oil imports of US$ 86.96 billion in the corresponding period last year.

Foreign exchange reserves in India stood at US$ 424.361 billion at the end of 30th March, 2018.

India is projected to grow at 7.5 percent in 2018-2019 largely on the back of strong domestic factors and policy initiatives.

Rupee opened at a level of ₹ 64.7483 against US Dollar on 3rd April, 2017 and closed at ₹65.1700 as on 28th March, 2018. Rupee experienced some volatility in December 2017 and also after announcement of long term capital tax in the budget.

Sensex which was at 29,737.73 on 3rd April, 2017 closed at 32,968.68 on 28th March, 2018 registering a gain of 10.86 percent for FY 2017-2018. After opening on a strong footing on optimistic buying by participants, the Sensex gathered momentum to touch an all-time high of 36,443.98 during the year.

Steel Industry:

India was the world's third-largest steel producer in 2017. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

The Indian steel industry is very modern with state-of-the-art steel mills. It has always strived for continuous modernisation and up-gradation of older plants and higher energy efficiency levels.

India's crude steel production for FY 2017-2018 grew to 102.243 million tonnes as compared to 97.385 million tonnes up by 5 percent on year to year basis.

Steel industry and its associated mining and metallurgy sectors have seen a number of major investments and developments in the recent past.

Iron ore Mines:

The Supreme Court, in April 2013, had directed the Karnataka Government to cancel 51 C-category mining leases for illegal mining.

On 13th September, 2017, the Supreme Court had allowed the Karnataka Government to organise an e-auction for the 'C' category of mines that are economically viable. 7 of 51 'C' category mines have been auctioned so far.

The Supreme Court (SC), on 14th December, 2017 increased the cap on the production of iron ore from 30 million tonnes per annum to 35 million tonnes per annum for the 'A' and 'B' category mines in Karnataka.

As per the recommendations of CEC, overall cap in Karnataka for A and B category mines increased to 35 mmtpa. As far as C-category mines are concerned, the SC, after considering the submissions that C-category mines may become operational only after 18 months and many A and B mines will expire around 2020, has refused to grant any separate allocation for C-category mines at this stage.

Further, State Government has issued the Notification inviting Tender for 8 iron ore mines on 30th January, 2018. As per the Corrigendum issued by the Government of Karnataka, the auction for the iron ore mines has been postponed to a later date. Your Company will participate in the auction to secure a mine which have good quality iron ore and available at economically reasonable prices.

Coke :

Coke prices have been largely volatile during the year and have been hovering around CIF US$ 400 per MT during the greater part of the year. This has been due to closure of coke oven plants in China arising from pollution concerns and also due to disruption of supply of coal from Australia due to cyclone Debbie and congestion at port.

Auto Industry:

The Indian auto industry is one of the largest in the world. The industry accounts for 7.1 percent of the country's Gross Domestic Product (GDP).

In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry has attracted Foreign Direct Investment (FDI) in the sector.

The Indian automotive industry produced a total of 29,075,605 vehicles including the passenger vehicles, commercial vehicles, three-wheeler, two-wheeler in FY 2017-2018 as against 25,330,967 in FY 2016-2017, registering a growth of 14.78 percent over the same period last year. The overall industry registered positive sales figures in the period.

The commercial vehicle segment grew by 19.94 percent in FY 2017-2018 as compared to the same period last year. The Medium and Heavy Commercial Vehicles (M&HCV) grew by 12.48 percent and light commercial vehicles grew by 25.42 percent in FY 2017-2018 over the same period last year. The commercial vehicles sector has bounced back strongly after setbacks from demonetization and the BS-IV transition in 2017.

Auto Industry outlook:

The automobile industry is supported by various factors such as availability of skilled labour at low cost, robust R and D centres and low cost steel production. The industry also provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour.

The Indian automotive aftermarket is estimated to grow at around 10-15 percent to reach US$ 16.5 billion by 2021. It has the potential to generate revenue, create additional jobs and contribute over 12 percent to India’s Gross Domestic Product.

The Government of India encourages foreign investment in the automobile sector and allows 100 percent FDI under the automatic route. Some of the recent initiatives taken by the Government of India are -

- The Ministry of Heavy Industries, Government of India has shortlisted 11 cities in the country for introduction of electric vehicles (EVs) in their public transport systems under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme.
- The Government is planning to set up a committee to develop an institutional framework on large-scale adoption of electric vehicles in India as a viable clean energy mode, especially for shared mass transport, to help bring down pollution level in major cities.

A cyclical recovery in the global economy with the world growth projected over 3 percent in 2018, bank recapitalization, rural revival, will also give a fillip to the auto sector.

Overall, 2018-2019 is expected to bring positive sentiments back into the market and rev up overall vehicle sales.

The drivers for the replacement demand in the CV segment, especially in higher tonnage categories, are i) warehouse consolidation post the goods and service tax (GST) implementation, ii) the likelihood of an announcement of the vehicle scrappage policy and iii) the possibility of overloading bans in certain states. Moreover, the Government of India’s emphasis on infrastructure development would drive demand for higher tonnage vehicles.

The automobile and auto-ancillary industry is equipping itself to adopt the Bharat Stage (BS-VI) fuel emission norms, proposed to be implemented from 1st April, 2020.

Tractor industry :

Tractor sales in India reached a record high in 2017 as farmer sentiment improved with the return of generous rains. The withdrawal of large-denomination banknotes from circulation hit villages through the start of 2017. But after that shock, the demand for tractors continued steady growth and the tractor industry has recorded growth of 22 percent with total volumes sales of 7.11 lakh units tractors in FY 2017-2018 as compared to 5.83 lakh units in FY 2016-2017.

A good monsoon, reduction in bank interest cost, healthy farm production and increasing use of tractors for non-farm applications, farm loan waivers by several States have aided the growth in tractor sales.

Tractor industry Outlook:

The all-time high volumes, would be riding on improved farm sentiments on the back of two consecutive normal south-west monsoons. Long-term annual growth for the Industry estimated at 8 to 9 percent, with the long-term industry drivers for the industry continue to remain intact.

The Government remains committed towards rural development and agri-mechanisation, a critical component in improving the state of agriculture in the country. This coupled with other factors such as increasing rural wages and scarcity of farm labour is likely to aid growth in industry volumes over the long term.

However, the growth rate of tractor industry could moderate in FY 2019, primarily due to the strong base built over the last two years (FY 2017 and FY 2018), along with uncertainty over rainfall.

Demand for tractors from non-agricultural sectors, especially of higher tonnage in construction and infrastructure is likely to grow.

Crude oil prices:

Prices of Brent crude oil rose 18 percent in 2017 to $67.02 per barrel in December 2017, a 30-month high. Higher oil prices are likely to widen the fiscal and current account deficits.

B. Company Performance

Your Company achieved net sales of ₹ 172,387 Lakhs (previous year ₹ 127,676 Lakhs).

The profit before tax for the year under review stood at ₹ 5,442 Lakhs as compared to ₹ 12,109 Lakhs of the previous year after providing for depreciation and amortisation.

C. Operational Performance

Your Company sold 306,303 MT of pig iron valued at ₹ 87,687 Lakhs during FY 2017-2018 as compared to 253,495 MT of pig iron valued at ₹ 66,548 Lakhs in the previous year.

Your Company sold 82,922 MT castings aggregating to ₹ 71,909 Lakhs during FY 2017-2018 as compared to 65,892 MT castings aggregating to ₹ 58,295 Lakhs in the previous year.

The first quarter of the year under review was a challenging one on many fronts. Commodity prices namely pig iron decreased substantially and this created huge swing in profitability. Coke price were as low as US$ 117 Per MT during Quarter 1 of FY 2016-2017, whereas during quarter 1 of the financial year 2017-2018 price of coke had risen to a level of US$ 322 Per MT. Iron ore prices also went up by ₹ 1,000 Per MT. This resulted in an increase in input cost without much increase in selling price resulting in erosion of profit. In addition there was a delay in passing on the cost increases to certain OEMs resulting in pressure on the margin.

However from second quarter onwards situation changed with the Company importing coal and getting the same converted to coke by entering into arrangement with certain domestic coke manufacturers. With above arrangements your Company has been able to mitigate coke price variation challenge.

The prices of imported Coke from China reached a level of around $ 400 per MT and Iron ore fines rose to a level of ₹ 3,537 per MT during the year under review.

Even though there has been an increase in mining activity, output of iron ore has not been matching with demand. Shortfall in iron ore has resulted in increase in iron ore prices. However, Company has been able to reduce iron ore cost through procurement of iron ore from beneficiation plants and also procuring certain quantity of iron ore from Goa.

During the year under review, the operation of one mini blast furnace was suspended temporarily from 12th July, 2017 to 15th August, 2017 owing to market condition. This resulted in lower output of pig iron production and consequently affected the profit.

There has been an increase in demand for castings from OEMs in line with growth in automobile and tractor industries. Also Company has started the supply of machined castings in small way, which is expected to pick up on a larger scale with the installation of more machine shops. This will facilitate improvement in top line and is also a step towards becoming a preferred customer for the supply of castings to OEMs.

During the year under review, rupee has been generally operating in the range as high as ₹ 65.75 and low as ₹ 63.30 to a dollar, giving mix results for the price paid on the import of coke and coal.

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

Your Company has undertaken the following projects during the year under review:

1) Company 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. Machine shops will be commissioned progressively in a phased manner based on order positions.

2) Installed fettling facilities for superior casting finish at Solapur Plant.

3) Railway siding project is expected to be completed in FY 2018-2019. Completion of 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.

4) 11 MW solar power plant at Solapur under installation is expected to reduce the power cost of the foundry at Solapur and will meet entire power requirement of the foundry.

5) Finalised the supplier for the equipment supply for coke oven project with a capacity of two lakh ton per annum. Company is in discussions with an equipment supplier for procurement and installation of 20 MW power plant. The project is expected to be completed in FY 2019-2020.

D. Cost Control

Your Company adopted the following measures to reduce cost:

- Strategically sourced raw material and consumables.
- Improvement projects through Kaizens, involvement of cross functional teams to bring cost reductions.
- Improved operational efficiencies and cost control measures at both Koppal and Solapur Plant.
- Improved the quality of the castings to bring down the rejections in castings.

E. Concerns and Threats

Demand for the auto and tractors have a direct impact on the performance of your Company and any adverse market condition for these sectors will result into reduced capacity utilisation and profitability.

Fluctuation in the price of raw material such as coke and coal and shortage of quality iron ore supply in domestic market will have impact on production and consequently on profit.

Further, depreciation of Rupee vis-á-vis US dollar can lead to an increase in price of coke and in the price of crude oil, resulting in increased input costs, thereby putting pressure on profitability.

F. Prospects for the Current Year

1. Company proposes to participate again in e-auction of iron ore mines in Karnataka as and when the State Government invites the tender for participation in e-auction for iron ore mines.
2. Supply more machined castings to increase value of sales.
3. Commissioning of the railway siding near to factory premises.
4. Setting up coal injection to one mini blast furnace to affect cost reduction in input cost of raw materials namely coke.

5. Setting up of 2 lakh ton capacity coke oven plant and 20 MW power plant. This will further help in reducing the cost of raw material as well as reducing the power cost.
6. More usage of concentrated iron ore in sinter plant to reduce input cost of materials.
7. Reduction in cycle time for development of casting and also introduce proto type machined castings within shortest period of time.

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.

G. Internal Control Systems and their adequacy

The Company has a proper and adequate system of controls in order to ensure that all assets are safeguarded against loss from unauthorised use or disposal. All transactions are properly checked, verified, recorded and reported correctly.

Regular Internal Audit checks are carried out to ensure that the responsibilities are executed effectively and that proper and adequate systems are in place.

H. Safety, Health and Environment

Your Company believes in “Safety First” and is committed to provide “Safe Workplace” by addressing safety, health and environment related issues by emphasizing safety culture in the organisation. Employees are regularly trained to update their awareness and skills. New employees are being given intensive safety induction training and on job training. On completion, “Safety Passport” related to their work area is issued authorizing the person to enter the plant / department. All the statutory requirements related to safety, health and environment are being complied with. As a proactive approach, the periodical internal safety audit and external audit are conducted by safety experts and National Safety Council and other agencies engaged to identify unsafe conditions / unsafe acts if any and to recommend remedial safety measures / actions. Safety Performance Management System developed through risk identification; Safety Operating Procedure were developed emphasizing on engineering controls through an External Safety Consultant. “Near Miss Reporting” and recording of “First Aid Injuries” has been practiced to take corrective action to achieve a goal of zero accidents.

Your Company is having well equipped “Occupational Health Centre” with a full-time Doctor and qualified paramedical staffs. The pre-employment health check-up of the employees is being conducted and also regular health checkups conducted on annual basis during the continuance of the employment. The Company has provided well equipped two ambulances which are available at all times to fulfill the requirement of employees during emergencies as well as for neighboring community.

Your Company is certified for Quality Management Systems under ISO TS 16949:2009, Environmental Management System under ISO 14001:2004 and also certified for Occupational Health and Safety Assessment Series (OHSAS 18001:2007) by Indian Register Quality Systems (IRQS). All the three systems are in the process of up-gradation.

Requirements of environmental acts and regulations are complied with. Monitoring and analysis of water, stack emissions and ambient air quality etc., are undertaken periodically to verify whether the level of environmental parameters are maintained, well within the specified limits.

Sewage Treatment Plant (STP) with 250 KLD (kilo liters per day) capacity is operated to treat domestic wastewater with extended biological aeration system. Sludge generated from STP is being used as manure for garden and treated wastewater is used for gardening.

For effective suppression of dust emissions, jet type fixed sprinklers are provided.

Under ISO: 14001 and OHSAS: 18001, the following management programs have been taken-up and completed during FY2017-2018 at its plant at Koppal.

1. Dust extraction system has been installed and commissioned in Foundry (Sand Plant, Sand cooler and Shake out Area).
2. As a part of environmental improvement project, the existing 250 meters of porous fence (mesh) of 12 meters height has been extended by another 126 meters in northern boundary to prevent the fugitive dust emission.
3. Construction of around 146 meters of concrete roads near Foundry service road and weigh bridge-1 to prevent dust emission due to vehicular movement; till date total of 1,821 meters concrete road has been completed.
4. Ambient Air Monitoring Quality System (AAMQS) has been connected to Central Pollution Control Board as per the KSPCB requirement.
5. Plantation of around 10,000 tree saplings in and around the plant premises to increase the green belt area which comes to a total of around 148,000.
6. Tractor mounted water tanker with capacity of 5,000 KL has been provided round the clock in the plant premises attached to security department to tackle unexpected fire incidents.

I. Social Responsibility

In order to align the Mission and Values of your organization viz. "To be a preferred Employer and responsible neighbor", your Company has taken following measures as a part of its Corporate Social Responsibility. The Company focuses on Rural Education, Health and Hygiene, Infrastructure, Environment, facilities in the local vicinity of the plant. Major activities undertaken during the year are as follows:

<u>Rural Education</u>

- Coaching classes were arranged for 145 students of 10th standard of 2017-2018 batch of Bevinahalli, Lingadahalli, Shahapur and Hitnal Schools.
- Provided 2,000 school bags and note books to the students of Government Higher Primary Schools of neighboring villages.
- Financial assistance was given to Government Higher Primary School of Bevinahalli for providing educational tour for children.
- Provided 200 writing desks and benches to Government Higher Primary School and nearby schools.
- Constructed compound wall of 148 meters at Government Higher Primary School, Lingadahalli
- Scholarship provided to the students of neighbouring villages who scored 80 percent and above in SSLC and PUC examination.
- Sponsored for 'Yog Camp' in Hitnal village in association with Patanjali Yoga Samiti, Hospet. 268 people participated.

<u>Health and Hygiene</u>

- Implemented Kirloskar WaSH initiatives at Koppal and Solapur (clean and Beautiful School). Koppal Plant covered 13 schools and 7,800 students were benefitted while Solapur Plant covered 5 schools and 4,500 students were benefitted.
- Organised 'Multispecialty Free Health Checkup Camp' involving specialist doctors at Lingadahalli village. 5 cases were identified and referred for higher treatment with financial support
- Arranged visit of specialist doctors to Bevinahalli village once a week and visit by Company medical officer twice a week. The Company also provided free medicines.
- Provided motorized tricycles for physically challenged persons.
- Financial support was given for taking higher medical treatment in genuine cases.

Infrastructure

- Constructed storm water drain at Bevinahalli village.
- Provided RO Water to Gopinath Memorial high School, Hospet.
- Extended portable drinking water stations at Gavisiddeshwara Cart festival for 5 days. This facility was used by large number of persons.
- Provided dust bins to various schools in the villages for segregation of dry and wet waste.
- Extended support for construction of individual toilet blocks (200 Nos.) for each house in Lingadahalli, Bevinahalli and Shahapur Villages in coordination with Gram Panchyat under "Swatchh Bharat Mission".

Environment

- Provided tree guards at schools in Kukanoor and Koppal.
- Vasundhara International Film Festival was organized at Hampi University for inauguration at Hospet and Valedictory Programme was organised at factory premises at Koppal and Solapur in order to bring awareness among people to take care of the environment under the theme "Save River - Save Life". Awareness program was also organised at various schools and colleges.

J. Human Resource

Your Company considers human resource to be an important and valuable asset for the organization. Therefore, it constantly strives to attract and retain best "Talents" for the present and future business needs.

The Company has taken-up the following initiatives-

- To develop future leaders, Company has organized Management Development Programmes (MDP) on various topics. The training programme was also organized for Senior Leadership team
- In order to enhance competencies and skills of employees, training programmes on behavioral and technical skills were organized on a continuous basis by engaging internal expertise and external faculties.
- In order to enhance safety culture "Behavioural Based Safety" Training programmes were conducted.
- Training Programme on 'Structured Problem Solving Technique' was organized for employees.
- Performance of employees is monitored through an effective performance management system on quarterly basis.
- Communication meet by top management with managerial staff on the 'Business Scenario' and AOP / LRP, as well as sharing knowledge with young professionals was organised.
- The talented employees are continuously recognized and are motivated through rewards and recognition.
- Conducted skill development programmes for apprentices / trainees on fitter and electrical by inviting experts from industrial training institutes.
- Initiated monthly 'Swachh Abhiyan' at Company premises to eliminate waste and to keep the area clean and aesthetic for better working atmosphere by adopting 5S concepts.
- Training Programme on 'Wellness' and 'Stress Management' was organized by external faculty for employees as well as for family members.
- Training programme on '5'S was organized on an continuous basis for employees.

As on 31st March, 2018, the total number of salaried employees stood at 1,301.

The Employer - Employee relations was cordial throughout the year.

Wage negotiation and settlement for Koppal Plant was concluded during the year under review.

Recognition / Awards received by the Company during the year under review:

1. Global collaboration award by Daimler India.
2. Indywood Built in India excellence award.
3. Mahindra Supplier Excellence award Vienna 2017.
4. Industrial Safety and health award given by National Safety Council, Karnataka chapter.
5. Commendation certificate for significant achievement issued by CII – Exim Bank.
6. CSR Award for 'Health & Hygiene' and 'Community Development' by ET CSR Leadership Awards.

III. PARTICULARS OF INFORMATION FORMING PART OF THE BOARD'S 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 MANAGERIALPERSONNEL) RULES, 2014

1. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are annexed herewith as Annexure "A".

2. NUMBER OF MEETINGS OF THE BOARD

During the financial year 2017-2018 six Board Meetings were convened and held, the details of which are given in Clause 2(b) of the Corporate Governance Report.

3. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 in respect of Directors' Responsibility Statement, your Directors state that:

a) in the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards had been followed and there were no material departures;

b) accounting policies as mentioned in Note 2 of the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 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 Companies Act, 2013 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 laid down and such 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 such systems were adequate and operating effectively.

4. 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 Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, KMPs and Senior Management Personnel and their remuneration. The policy is annexed herewith as Annexure “B”.

6. EXPLANATION OR COMMENTS ON AUDITORS’ REPORT AND SECRETARIAL AUDIT REPORT

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.

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

The Company has granted loans aggregating to ₹ 20,304,120 during the year ended 31st March, 2018. These primarily consist of loans to employees as per the policies of the Company and loans to suppliers in the normal course of business of the Company. The closing balances of these loans are disclosed under the schedule of Loans and Advances in the financial statements. The Company has not given any guarantees or made any investments during the year, which would be covered by Section 186 of the Companies Act, 2013.

8. RELATED PARTY TRANSACTIONS

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of 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.

9. STATE OF COMPANY’S AFFAIRS

Discussion on state of Company’s affairs has been covered as part of the Management Discussion and Analysis.

10. AMOUNTS PROPOSED TO BE CARRIED TO RESERVES

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

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

There are no adverse material changes or commitments occurring after 31st March, 2018 which may affect the financial position of the Company or may require disclosure.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure “C”.

13. RISK MANAGEMENT POLICY

The process of risk management at Company encompasses risk identification, classification and evaluation. The Company identifies strategic, operational and financial risks that the Company faces. The Company deploys mitigation activities and plans for current and future risks that the Company may face.

The Company has set up a Risk Review Team (‘Team’) to review the risks faced by the Company and monitor the development and deployment of risk mitigation action plans. The Team reports to the Board of Directors and the Audit Committee who provide oversight for the risk management framework in the Company.

The Directors have reviewed progress on the risk management activities in the current year.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

The Company has been carrying out Corporate Social Responsibility (CSR) activities. These activities are carried out in terms of Section 135 read with Schedule VII of the Companies Act, 2013 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 herewith as Annexure “D”.

15. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other statutory committees. Performance evaluation has been carried out as per the Nomination and Remuneration Policy.

16. CHANGE IN THE NATURE OF BUSINESS

During the year under review, there has been no change in the nature of business of the Company.

17. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. A. N. Alawani retires by rotation and being eligible, offers himself for re-appointment.

In compliance with Section 149 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has recommended the reappointment of Mr. A. R. Jamenis as an Independent Director of the Company to hold office for a second term of two consecutive years upto 12th August, 2020. The Company has received requisite notice in writing from a Member proposing his candidature for the office of Director. The resolution seeking approval of the Members by a special resolution for reappointment of Mr. A. R. Jamenis for a second term of two consecutive years upto 12th August, 2020 has been incorporated in the Notice of ensuing Annual General Meeting.

Directors appointed during the FY 2017-2018

Mr. Mahesh R. Chhabria was appointed as an Additional Director of the Company with effect from 3rd November, 2017.

Key Managerial Personnel (KMP) appointed during the FY 2017-2018

There was no change in the Key Managerial Personnel during the FY 2017-2018.

18. NAMES OF THE COMPANIES WHICH HAVE BECOME/ CEASED TO BE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

The Company did not have any subsidiaries, associates or joint ventures during the year.

19. DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013.

20. SIGNIFICANT ORDERS PASSED BY REGULATORS, COURTS OR TRIBUNALS IMPACTING GOING CONCERN AND COMPANY’S OPERATIONS

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

21. INTERNAL FINANCIAL CONTROLS

The Company has deployed controls including defined code of conduct, whistle blower policy, management review and MIS mechanisms, internal audit mechanism. The process level controls have been instituted through Company policies and procedures and continuous monitoring of efficiency in operations.

There is regular management oversight of the internal controls environment at Company. The Audit Committee along with Management oversees results of the internal audit and reviews implementation on a periodic basis.

22. INFORMATION FORMING PART OF THE DIRECTORS' REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Please refer Annexure 'E-1'
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Please refer Annexure 'E-2'
3	The percentage increase in the median remuneration of employees in the financial year	27 percent
4	The number of permanent employees on the rolls of Company	1,301
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Percentage increase in salaries of managerial personnel at 50th percentile: 7.5 percent Percentage increase in salaries of Non-managerial personnel at 50th percentile: 8 percent (Note: Percentage increase in salaries of Non-managerial personnel is in the range 1 percent to 60.33 percent) The salary increases are a function of various factors like individual performance vis-á-vis individual Key Performance Indicators (KPIs), industry trends, economic situation, future growth prospects, etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.
6	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration paid to the Directors is as per the Remuneration policy of the Company.
7	Statement showing the names of the 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;	Please refer Annexure 'F'

Sr. No.	Information Required	Input
	(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.	

IV. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Board of Directors has adopted the Vigil Mechanism / Whistle Blower Policy. The policy has provided a mechanism for Directors, Employees and other persons dealing with the Company to report to the Chairman of the Audit Committee, any instance of unethical behaviour, actual or suspected fraud or violation of the Code of Conduct of the Company.

The details of the policy has been uploaded at the website of the Company, viz. www.kfil.com.

V. COMPOSITION OF AUDIT COMMITTEE

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

VI. EMPLOYEE STOCK OPTIONS SCHEME (ESOS):

Your Company has instituted a stock option scheme in order to motivate, incentivize and reward employees. This plan is called KFIL Employee Stock Option Scheme 2017 (hereinafter referred as ‘KFIL ESOS 2017’ or ‘Scheme’). Your Company views employee stock options as an instrument that would enable the employees to share the value they create for the Company and align individual objectives of the employees with the objectives of the Company. The Board of Directors of your Company and the Nomination and Remuneration Committee of the Company are authorised to administer the said scheme pursuant to the provisions of the Scheme.

The Nomination and Remuneration Committee at its meeting held on 3rd November, 2017, approved the grant of 1,765,000 stock options exercisable into 1,765,000 Equity Shares of the Company pursuant to the approval of the shareholders received at the Annual General Meeting held on 3rd August, 2017. KFIL ESOS 2017 is in compliance with the applicable provisions of the Companies Act, 2013 and its rules, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“Employee Benefits Regulations”) and other applicable regulations, if any.

The certificate from M/s. Kirtane & Pandit LLP, Chartered Accountants, Statutory Auditors of the Company, confirming that the scheme has been implemented in accordance with the aforesaid regulations and in accordance with the resolution passed by the Members of the Company at their Annual General Meeting held on 3rd August, 2017, would be placed before the Members at the ensuing Annual General Meeting. A copy of the same will also be available for inspection at the Company’s registered office.

There have been no material changes to the KFIL ESOS 2017 during the financial year. The Disclosures on the scheme, details of options granted, shares allotted upon exercise etc. as required under Employee Benefits Regulations are enclosed herewith as Annexure No. H and are available on the Company’s website at www.kfil.com.

No employee has been granted stock options equal to or exceeding 1% of the issued capital of your Company (excluding convertible 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 recognized the same as employee compensation cost over the vesting period.

VII. AUDITORS

1. Statutory Auditors

At the 25th Annual General Meeting held on 28th July, 2016, M/s. Kirtane & Pandit LLP, Chartered Accountants [Firm Registration No.: 105215W/W100057], were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 30th Annual General Meeting to be held in the year 2021. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the Statutory Auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants as Statutory Auditors of the Company, will be placed for ratification by the Members in the ensuing Annual General Meeting. In this regard, the Company has received a certificate from the Auditors to the effect that if their appointment is ratified, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

2. Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. M. J. Risbud, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as Annexure "G".

3. Cost Auditor

The Board of Directors at its meeting held on 3rd May, 2018 has appointed M/s. Parkhi Limaye and Co, Cost Accountants as the Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year ending 31st March, 2019.

VIII. CORPORATE GOVERNANCE

The Company conforms to the norms of Corporate Governance as envisaged in the Listing Regulations with the BSE Limited. Pursuant to Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on the Corporate Governance and the Auditors Certificate on Corporate Governance are annexed to this report.

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

During the year under review, there were no cases filed pursuant to the aforesaid Act.

X. APPRECIATION

Your Directors wish to place on record their appreciation towards the contribution of all the employees of the Company and their gratitude to the Company's valued customers, bankers, vendors and members for their continued support and confidence in the Company.

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN : 00007387

Pune : 3rd May, 2018

ANNEXURE “A”

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2018
[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	L27101PN1991PLC063223
ii)	Registration date	10th September, 1991
iii)	Name of the Company	Kirloskar Ferrous Industries Limited
iv)	Category / Sub category of the Company	Public Company / Limited by Shares
v)	Address of the Registered office and contact details	13, Laxmanrao Kirloskar Road, Khadki, Pune 411003 Tel No : (020) 66084664 Fax No : (020) 25813208 Email : investor@kfil.com Website : www.kfil.com
vi)	Whether listed Company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited Akshay Complex, Block No. 202, Second Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune 411001 Tel No : (020) 26160084 Fax No :(020) 26163503 E-mail: pune@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 percent or more of the total turnover of the Company are as stated below:-

Sl. No.	Name and Description of main products/services	NIC Code of the product / service	Percentage to total turnover of the Company
1	Iron Castings	27310	97

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kirloskar Industries Limited 13/A, Karve Road, Kothrud, Pune 411038	L29112PN1978PLC088972	Holding Company	51.45	2(46)

IV. SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity)

i) Category-wise Shareholding:

	Category of Shareholders	Number of shares held at the beginning of the year ie.1st April, 2017				Number of shares held at the end of the year ie. 31st March, 2018				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	Promoters									
(1)	Indian									
a)	Individual / HUF	9,139,327	-	9,139,327	6.66	9,139,327	-	9,139,327	6.66	-
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	72,644,495	-	72,644,495	52.90	72,644,495	-	72,644,495	52.90	-
e)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	81,783,822	-	81,783,822	59.56	81,783,822	-	81,783,822	59.56	-
(2)	Foreign									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	81,783,822	-	81,783,822	59.56	81,783,822	-	81,783,822	59.56	-
(B)	Public shareholding									
(1)	Institutions									
a)	Mutual Funds / UTI	2,499,787	28,300	2,528,087	1.84	8,530,541	3,500	8,534,041	6.22	4.38
b)	Banks / Financial Institutions	-	500	500	0.00	-	500	500	0.00	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors (FII)	102,126	42,000	144,126	0.11	5,000	23,500	28,500	0.02	(0.09)
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Any other (specify)									
	Foreign Portfolio Investors	830,075	-	830,075	0.60	860,967	-	860,967	0.63	0.03
	Sub-Total (B)(1)	3,431,988	70,800	3,502,788	2.55	9,396,508	27,500	9,424,008	6.87	4.32

i) Category-wise Shareholding:

	Category of Shareholders	Number of shares held at the beginning of the year ie.1st April, 2017				Number of shares held at the end of the year ie. 31st March, 2018				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2)	Non - Institutions									
(a)	Bodies Corporate									
	i) Indian	4,483,174	534,700	5,017,874	3.65	4,924,439	520,300	5,444,739	3.97	0.32
	ii) Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	21,136,385	4,246,333	25,382,718	18.49	19,108,495	3,041,709	22,150,204	16.13	(2.36)
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	17,259,971	-	17,259,971	12.57	12,933,899	-	12,933,899	9.42	(3.15)
c)	Others									
	i) Non - Resident Indians	1,355,839	590,940	1,946,779	1.42	1,350,321	445,540	1,795,861	1.31	(0.11)
	ii) Clearing Members	299,601	-	299,601	0.22	373,843	-	373,843	0.27	0.05
	iii) Directors and their relatives	196,988	-	196,988	0.14	196,988	-	196,988	0.14	-
	iv) Hindu Undivided Families	1,896,724	700	1,897,424	1.38	1,886,230	600	1,886,830	1.37	(0.01)
	v) Trusts	20,116	-	20,116	0.02	500	-	500	0.00	(0.02)
	vi) IEPF	-	-	-	-	1,317,387	-	1,317,387	0.96	0.96
	Sub-Total (B)(2)	**46,648,798**	**5,372,673**	**52,021,471**	**37.89**	**42,092,102**	**4,008,149**	**46,100,251**	**33.57**	**(4.32)**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**50,080,786**	**5,443,473**	**55,524,259**	**40.44**	**51,488,610**	**4,035,649**	**55,524,259**	**40.44**	**-**
(C)	**Shares held by Custodians for GDRs and ADRs**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Grand Total (A+B+C)	**131,864,608**	**5,443,473**	**137,308,081**	**100.00**	**133,272,432**	**4,035,649**	**137,308,081**	**100.00**	**-**

ii) Shareholding of Promoters :

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (i.e. 1st April, 2017)		Shareholding at the end of the year (i.e. 31st March, 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Kirloskar Industries Limited	70,643,754	51.45	70,643,754	51.45
2	Jyotsna Gautam Kulkarni	1,672,602	1.21	3,098,640	2.26
3	Kirloskar Pneumatic Company Limited	2,000,000	1.46	2,000,000	1.46
4	Alpana Rahul Kirloskar	1,591,229	1.16	1,591,229	1.16
5	Arti Atul Kirloskar	1,493,865	1.09	1,493,865	1.09
6	Atul C. Kirloskar	1,427,939	1.04	1,427,939	1.04
7	Rahul C. Kirloskar	1,425,279	1.04	1,425,279	1.04
8	Gautam A. Kulkarni	1,426,038	1.04	N.A.	-
9	Suman C. Kirloskar	90,535	0.07	90,535	0.07
10	Mrinalini Shreekant Kirloskar	6,500	0.00	6,500	0.00
11	Alok Sanjay Kirloskar	1,520	0.00	1,520	0.00
12	Gauri Kirloskar – Kolenaty	1,140	0.00	1,140	0.00
13	Aditi Atul Kirloskar	760	0.00	760	0.00
14	Rama Sanjay Kirloskar	760	0.00	760	0.00
15	Achyut & Neeta Holdings & Finance Private Limited	541	0.00	541	0.00
16	Sanjay C. Kirloskar	380	0.00	380	0.00
17	Alika Rahul Kirloskar	380	0.00	380	0.00
18	Geetanjali Vikram Kirloskar	200	0.00	200	0.00
19	Roopa Jayant Gupta	200	0.00	200	0.00
20	Alpak Investments Private Limited	100	0.00	100	0.00
21	Navsai Investments Private Limited	100	0.00	100	0.00
	Total	**81,783,822**	**59.56**	**81,783,822**	**59.56**

Notes :

a) Atul C. Kirloskar holds 1,427,179 equity shares in the individual capacity and 380 equity shares as Karta of Atul C. Kirloskar (HUF) and 380 equity shares as a Trustee of C. S. Kirloskar Testamentary Trust.

b) Rahul C. Kirloskar holds 1,424,899 equity shares in the individual capacity and 380 equity shares as a Trustee of C. S. Kirloskar Testamentary Trust.

c) Sanjay C. Kirloskar holds 380 equity shares as Karta of Sanjay C. Kirloskar (HUF).

d) Suman C. Kirloskar holds 42,705 equity shares in the individual capacity and 47,450 equity shares as Karta of C. S. Kirloskar (HUF) and 380 equity shares as a Trustee of Vijaya Durga Devi Trust.

e) Vikram S. Kirloskar is the Promoter of the Company. However, he does not hold any equity share in the Company.

f) Figures shown as “0.00” above are not Nil, but rounded off to 2 decimals.

g) In case of joint holding, the name of the first holder is considered.

h) No shares of promoters have been pledged or encumbered as of 1st April, 2017 or 31st March, 2018 or during the year ended 31st March, 2018.

iii) **Change in Promoters' Shareholding:**

During the financial year 2017–2018, the change in the shareholding of Promoters is as per details given below :

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
Jyotsna Gautam Kulkarni				
As on 1st April, 2017	1,672,602	1.22		
Equity shares acquired on 20th December, 2017 by way of transmission on demise of Gautam A. Kulkarni.	1,426,038	1.04	3,098,640	2.26
As on 31st March, 2018			3,098,640	2.26

iv) **Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)**

Shareholding pattern of top ten shareholders as at the beginning of the year (ie.1st April, 2017):

Sl. No.	Name of Shareholder	Number of shares	% of total shares of the Company
1	Arun Nahar	2,649,897	1.93
2	DSP Blackrock Micro Cap Fund	2,499,787	1.82
3	Jagdish Amritlal Shah	1,283,530	0.93
4	Anju Ajay Saraf	761,042	0.55
5	Vallabh Bhanshali	675,000	0.49
6	Aadi Financial Advisors LLP	673,270	0.49
7	Shaunak Jagdish Shah	580,150	0.42
8	Beautiful Diamonds Limited	500,000	0.36
9	Ajay Sheth	465,102	0.34
10	Zafar Ahmadullah	425,000	0.31

Shareholding pattern of top ten shareholders as at the end of the year (ie. 31st March, 2018):

Sl. No.	Name of Shareholder	Number of shares	% of total shares of the Company
1	DSP Blackrock Small Cap Fund	3,515,106	2.56
2	Arun Nahar	2,649,897	1.93
3	Investor Education and Protection Fund (IEPF)	1,317,387	0.96
4	IDFC Sterling Equity Fund	1,300,000	0.95
5	Jagdish Amritlal Shah	1,283,530	0.93
6	Principal Trustee Company Private Limited	1,150,000	0.84
7	IDFC Tax Advantage (ELSS) Fund	1,000,000	0.73
8	Anju Ajay Saraf	761,042	0.55
9	Reliance Nippon Life Insurance Company Limited	717,144	0.52
10	Shaunak Jagdish Shah	580,150	0.42

Notes :

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

b) There is no fresh allotment / reduction of share capital during the year by the Company.

c) The increase / decrease in shareholding above is due to transactions between shareholders.

d) The shareholding details given above are based on the legal ownership and not beneficial ownership and is derived based on the folio number listing provided by the Registrar and Transfer agent of the Company.

Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sl. No.	Name of Director	Shareholding as at the beginning of the year (ie.1st April, 2017)		Shareholding as at the end of the year (ie. 31st March, 2018)	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	Mr. Atul C. Kirloskar	1,427,939	1.04	1,427,939	1.04
2	Mr. Rahul C. Kirloskar	1,425,279	1.04	1,425,279	1.04
3	Mr. R. V. Gumaste	99,021	0.07	99,021	0.07
4	Mr. A. N. Alawani	35,000	0.03	35,000	0.03
5	Mr. A. R. Jamenis	3,400	0.00	3,400	0.00
6	Mrs. Nalini Venkatesh	10,600	0.01	10,600	0.01
7	Mr. B. S. Govind	200	0.00	200	0.00
8	Mr. R. Sampathkumar	Nil	--	Nil	--
9	Mr. Y. S. Bhave	Nil	--	Nil	--
10	Mr. M. R. Chhabria	N. A.	--	Nil	--

Notes :

1. Mr. M. R. Chhabria has been appointed as an Additional Director of the Company with effect from 3rd November, 2017.
2. The above details are based on the legal ownership and not on beneficial ownership.
3. The shareholding above reflects the ownership post the person being appointed a Director or KMP.
4. N.A. represents Not Applicable.

Shareholding of Key Managerial Personnel:

Sl No	Name of Key Managerial Personnel	Shareholding as at the beginning of the year (ie.1st April, 2017)		Shareholding as at the end of the year (ie.31st March, 2018)	
		Number of shares	% to total shares of the Company	Number of shares	% to total shares of the Company
1	Mr. R. V. Gumaste Managing Director	99,021	0.07	99,021	0.07
2	Mr. C. S. Panicker Company Secretary	-	-	-	-
3	Mr. R. S. Srivatsan Chief Financial Officer	-	-	-	-

V. INDEBTEDNESS

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

(Amount in Rupees)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness as at 31st March, 2017				
i) Principal amount**	622,935,157	488,452,690	-	1,111,387,847
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	21,023	22,170	-	43,193
Total (i+ii+iii)	622,956,180	488,474,860	-	1,111,431,040
Change in indebtedness during the financial year				
- Addition in others #	48,202,696	-	-	48,202,696
- Addition/(reduction) in cash credit accounts*	(7,063,085)	(380,455,150)	-	(387,518,235)
- (Reduction in loans other than cash credit)	(48,202,362)	-	-	(48,202,362)
Net change	(7,062,751)	(380,455,150)	-	(387,517,901)
Indebtedness as at 31st March, 2018				
i) Principal amount	615,872,072	108,019,710	-	723,891,782
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	21,357	-	-	21,357
Total (i+ii+iii)	615,893,429	108,019,710	-	723,913,139

Represents interest amount paid during the year.

* Represents the difference between the closing and opening balances in the cash credit accounts.

** Unsecured loans includes Sales bill discounted Rs. 142,632,608 in accordance with Ind-AS (refer note 46)

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole Time Directors and/or Manager :

(Amount in Rupees)

Sl. No.	Particulars of Remuneration	Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	12,502,876
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	232,352
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as percentage of profit	15,000,000
	- others	-
5.	Others	-
	Total (A)	27,735,228
	Ceiling as per the Act	29,540,697

Note: Pursuant to KFIL Employee Stock Option Scheme 2017, 500,000 stock options have been granted to Mr. Ravindranath Venkatesh Gumaste, with vesting period spread over 4 years and the same are exercisable by him according to the terms of the Scheme.

B. Remuneration to other Directors :

(Amount in Rupees)

Sl. No.	Name of Director	Particulars of Remuneration			Total Amount
		Fees for attending board / committee meetings	Commission	Others	
1.	Independent Directors				
	Mr. A. R. Jamenis	850,000	720,000	-	1,570,000
	Mrs. Nalini Venkatesh	550,000	600,000	-	1,150,000
	Mr. B. S. Govind	600,000	730,000	-	1,330,000
	Mr. R. Sampathkumar	400,000	440,000	-	840,000
	Mr. Y. S. Bhave	350,000	300,000	-	650,000
	Total (1)	2,750,000	2,790,000	-	5,540,000
2.	Other Non Executive Directors				
	Mr. Atul C. Kirloskar	500,000	300,000	-	800,000
	Mr. Rahul C. Kirloskar	350,000	300,000	-	650,000
	Mr. A. N. Alawani	700,000	1,250,000	-	1,950,000
	Mr. M. R. Chhabria	150,000	150,000	-	300,000
	Total (2)	1,700,000	2,000,000	-	3,700,000
	Total (B)=(1+2)	4,450,000	4,790,000	-	9,240,000
	Ceiling as per the Act		5,908,139		
	Total Managerial Remuneration (Total A+B)*		32,525,228		
	Overall Ceiling as per the Act		35,448,836		

* Exclusive of Sitting Fees paid to Non Executive Directors.

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole Time Director :

(Amount in Rupees)

Sl. No.	Particulars of Remuneration	Company Secretary	CFO	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6,867,510	7,523,969	14,391,479
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	125,190	132,622	257,812
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as percentage of profit	-	-	-
	- others	-	-	-
5.	Others	-	-	-
	Total	6,992,700	7,656,591	14,649,291

Note: Pursuant to KFIL Employee Stock Option Scheme 2017, Mr. Raviprakasha Srinivasa Srivatsan and Mr. Chandrasekhar Panicker were granted 120,000 and 120,000 stock options respectively, with vesting period spread over 4 years and the same are exercisable by them according to the terms of the Scheme.

VII. Penalties / Punishment / Compounding of Offences :

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

ANNEXURE “B”

NOMINATION AND REMUNERATION POLICY OF KIRLOSKAR FERROUS INDUSTRIES LIMITED

I. INTRODUCTION

This Policy applies to the Board of Directors, Key Managerial Personnel and Senior Management Personnel of Kirloskar Ferrous Industries Limited (‘the Company’).

The policy envisages the framework for nomination, remuneration and evaluation of Board of Directors, Key Managerial Personnel and Senior Management Personnel in accordance with provisions of Companies Act, 2013 (‘the Act’), including rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’).

The Company aims to achieve balance of merits, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management Personnel.

II. DEFINITIONS

1. “Board” means Board of Directors of the Company.

2. "Committee" means Nomination and Remuneration Committee of the Company as constituted or re-constituted by the Board from time to time.

3. "Key Managerial Personnel" (KMP) means :

   a) Chief Executive Officer or Managing Director or the Manager,

   b) Whole-time Director

   c) Chief Financial Officer

   d) Company Secretary and

   e) such other officers as may be prescribed under the Act from time to time

4. "Senior Management Personnel" (SMP) means personnel of the Company who are members of the core management team, excluding Board of Directors and are one level below the Executive Directors including all Functional Heads.

III. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SMP

1. The Committee shall consider criteria such as qualifications, skills, expertise and experience of the person to be appointed as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.

2. The age of person to be appointed as a Non Executive Director shall not be less than 21 years and more than 75 years. The Committee at its discretion may recommend to the Board continuation of Director for further term of appointment who has completed 75 years.

   The age of person to be appointed as an Executive Director shall not be less than 21 years and not more than 70 years.

3. The Company should ensure that the person so appointed as Director is not disqualified under the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force.

4. The Director/ Independent Director / KMP / Senior Management Personnel shall be appointed as per the provisions and procedure laid down under the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force.

5. The Committee may recommend to the Board for removal of a Director on account of any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground. The Committee may also recommend to the Board for removal of KMP or SMP subject to the provisions and compliance of the applicable Act, rules and regulations.

6. Term and tenure of a Director shall be in accordance with the provisions of the Companies Act, 2013, rules thereof and the Listing Regulations as amended from time to time.

IV. BOARD DIVERSITY

The Board shall have an optimum composition of Directors by comprising of experts from different fields viz. finance, law, management, sales, marketing, engineering, research, technical operations or any other areas related to the Company's business.

The Board shall ensure that there is appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively.

V. REMUNERATION OF DIRECTOR, KMP AND SMP

A) DIRECTORS

The Board of Directors of the Company shall decide the remuneration of Executive / Non-Executive Directors on the basis of recommendation of the Committee subject to the overall limits provided under the Companies Act, 2013 and rules made thereunder, including any amendments, modifications and re-enactments thereto ('the Act') and in compliance with the provisions of the Listing Regulations as applicable from time to time.

The remuneration of Directors shall be approved by the shareholders of the Company as and when required.

i. EXECUTIVE DIRECTORS:

The Company shall enter into a contract with every Executive Director, which will set out the terms and conditions of appointment and tenure, as recommended by the Committee and approved by the Board.

The Board may vary any terms or conditions of the contract from time to time within the tenure subject to such approvals as may be required under the Act.

The remuneration components shall include inter alia :

a. Fixed salary:

Each Executive Director shall be paid fixed salary consisting of basic salary and such allowances and perquisites as may be recommended by the Committee and decided by the Board and performance evaluation of each Executive Director from time to time, subject to overall limits as prescribed under the Act.

Option 1 : The salary may be reviewed annually.

or

Option 2 : The salary shall remain fixed for the tenure of the Executive Director.

b. Commission:

The Board may approve payment of commission subject to the limits provided in the Act. The eligibility and the amount of commission to be paid to each Director shall be recommended by the Committee on the basis of the performance evaluation of the Director undertaken by the Committee and the Board.

c. Non-monetary benefits:

Executive Directors may be entitled to club membership, company vehicle with driver, petrol reimbursement, vehicle maintenance, telephone, fax, internet at residence, reimbursement of mobile phone bills, fully furnished accommodation (in case of use of own residential property for accommodation) or house rent allowance in lieu thereof, soft and hard furnishings, reimbursement of house maintenance expenditure, reimbursement of gas, electricity bill, water and other utilities and repairs at residence, reimbursement of medical expenditure, including hospitalization expenses for self and family and leave travel assistance.

Executive Director may also be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance or any other benefit as per Company policy.

d. Separation / Retirement benefits:

Executive Director shall be eligible to the following perquisites which shall be included in the computation of the ceiling on remuneration provided in the Act:

(a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961 or any amendment thereof

(b) Gratuity payable at a rate not exceeding one month's salary for each completed year of service and

(c) Encashment of leave at the end of the tenure.

In case of loss or inadequacy of profits of the Company, the aforesaid perquisites shall not be included in computation of the ceiling on remuneration provided in the Act.

ii. NON-EXECUTIVE DIRECTORS:

The Company shall issue a letter of appointment to every Non-Executive Independent Director.

The components of payment of remuneration to Non-Executive Directors shall include:

a. Sitting fees:

Sitting fees shall be paid for Board Meetings and any Committee Meetings attended by the Director. Different amount of sitting fees may be paid for different types of meetings within limits as prescribed under the Act.

Committee shall include Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee or such Committees as may be constituted by the Board from time to time.

b. Commission:

The Board may approve payment of commission subject to the limits provided in the Act. The eligibility and the amount of commission to be paid to each Director shall be recommended by the Committee on the basis of annual performance evaluation of the Director.

c. Professional fees:

Non Independent Directors may be paid fees for services of professional nature, if in the opinion of Committee, the Director possesses the requisite qualification for the practice of the profession. Such professional fees shall not be considered as remuneration for the purpose of Act.

B) KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

The Company shall issue an appointment letter to every KMP and SMP.

The remuneration components payable to KMP / SMP may be:

a. Fixed salary:

Each KMP / SMP shall be paid fixed salary consisting of basic salary and such allowances and perquisites as per service rules of the Company. The band of the salary shall be determined according to the industry standards, market conditions, scale of Company's business relating to the position, educational qualification parameters and experience in the industry as detailed in the service rules of the Company and such other factors as may be prescribed therein.

The same shall be reviewed annually based on the Company's annual appraisal policy.

b. Variable pay:

A portion of the overall salary may be paid as Variable pay to every KMP / SMP. This shall be as per the Performance Linked Pay Scheme of the Company, which is designed to bring about increase in overall organizational effectiveness through alignment of Company, Functional and Individual objectives.

c. Perquisites / Other Benefits:

Perquisites / Other Benefits are benchmarked with Industry practices from time to time keeping an overall salary structure in mind. These may include petrol reimbursement, vehicle maintenance, telephone, reimbursement of mobile phone bills, leave travel assistance and reimbursement of medical expenditure for self and family and such other benefits as per Company Policy.

KMP / SMP may be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance and such other benefits as per Company policy.

d. Annual Pay Revision / Promotion:

Evaluation of KMP / SMP shall be based on appraisal against stated Objectives / Goals of the individual which in turn shall be aligned to the Functional and Enterprise Score Card. Key Result Areas (KRAs) are set at the beginning of the year in consultation with the Executive Director.

Pay revisions / promotions will be achievement oriented and will also have reference to Industry benchmarks, where appropriate.

e. Separation / Retirement benefits:

Separation / retirement benefits as per Company policy which shall include contribution to provident fund, superannuation, gratuity and leave encashment.

C) DIRECTORS AND OFFICERS LIABILITY INSURANCE:

The Company will take Directors and Officers Liability Insurance or such insurance of like nature for indemnifying any of the Directors, KMP and SMP against any liability in respect of any negligence, default, misfeasance, breach of duty or trust for which they may be guilty in relation to the Company.

The premium paid on such insurance shall not be treated as part of remuneration payable to Managing Director, Whole Time Director, Chief Executive Officer, Chief Financial Officer or Company Secretary. Provided that if any such person is proved to be guilty, the premium paid shall be treated as part of the remuneration.

D) STOCK OPTIONS :

The Committee may recommend issue of stock options to Directors (other than Independent Directors and Promoters Directors), KMP / SMP, which may be granted by the Board subject to the compliance of the provisions of applicable laws.

VI. CRITERIA FOR EVALUATION OF BOARD

The evaluation of Board shall be carried out annually as per the provisions of the Companies Act, 2013, rules thereof and the Listing Regulations.

Performance evaluation of each Director will be based on the criteria as laid down from time to time by the Nomination and Remuneration Committee.

Criteria for performance evaluation shall include aspects such as attendance for the meetings, participation and independence during the meetings, Interaction with Management, role and accountability, knowledge and proficiency and any other factor as may be decided by the Nomination and Remuneration Committee.

Further, performance evaluation of an Executive Director will also be based on business achievements of the Company.

VII. AMENDMENT

Based on the recommendation of the Committee, the Board reserves its right to amend or modify this Policy in whole or in part, at any time, when it deems appropriate, in accordance with any amendment to the applicable provisions of the Companies Act, 2013, including rules thereof and the Listing Regulations.

ANNEXURE "C"

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

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken during the FY 2017-2018 :

1 Installation of Cupola at Foundry to reduce power consumption at Hospet plant.

2 Replacement of old pumps with energy efficient pumps at plant level.

3 Replacement of old motors with energy efficient motors.

4 Plant Level Energy audit carried out at Plant level Under PAT Cycle 3 (Schnider Electric).

5 Power trading through Indian Energy Exchange resulting in lower power cost.

6 Upgradation existing power plant TG 2 to the rated capacity by replacing the turbine and other auxillaries.

7 Core oven-1 FO to LPG conversion work completed at Solapur Plant.

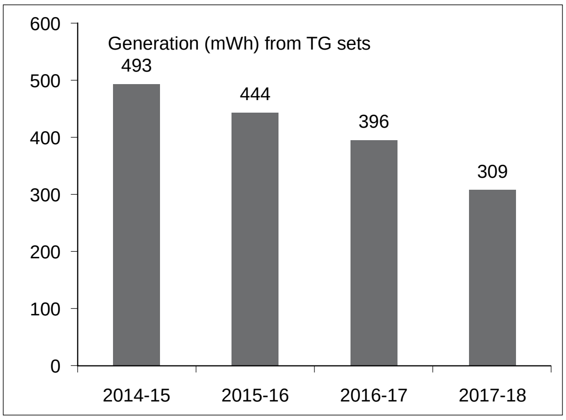
8 Purchase of renewable energy certificates from Indian Energy Exchange.

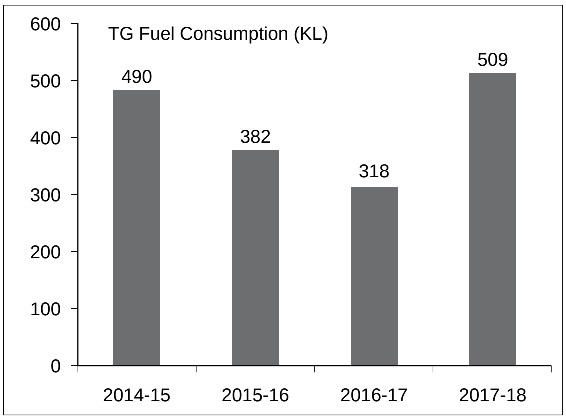
9 Reduction in power import from Diesel Generator sets by doing proper redistrubtion of loads and thereby utilising the Turbo Generator Power for Compressor operation System.

10 Installation of capacitor bank 500kVAR for achieving 0.995 power factor at Solapur Plant.

11 Replaced 15 number new lights of 400W MH lamp with 250W induction lamp, wherever MH lamp failed at Solapur Plant.

Figures of Power generation :





TG Generation is less due to on availability of Power plants and Fuel Consumption has increased during start up of TGs.

b) Proposals for the year 2018-2019:

1 Installation of 1 MW Solar power plant at Hospet Plant.

2 Replacement of old pumps with energy efficient pumps at plant level.

3 Replacement of old motors with energy efficient motors.

4 Water storage capacity enhancement through lake D and expanding lake A and B.

5 Commencement of two lakh tons per annum capacity Coke oven plant with 20 MW Power plant.

6 Installation of pulverised Coal Injection and Bell-less Top for one of the Mini Blast Furnace.

7 Installation of 10 MW Solar power plant at Solapur Plant.

8 Changing the Lighting in shop area CFL / 40 watt tube light to LED lighting at Solapur Plant.

9 Power procurement through open access.

10 Purchase of renewable energy certificates from Indian Energy Exchange.

11 Plant level Energy audit and Harmonic study at Solapur Plant.

12 Upgradation existing power plants to the rated capacity by replacing the turbines.

13 Installation of Pre heaters at Stoves and Sinter plant.

c) Impact of the above measures:

1. Reduction in energy consumption.
2. Reduction in coke consumption.
3. Conservation of non-renewable energy resources.
4. Improvement in operational efficiency and widening the scope for energy conservation.
5. Generation of Green Energy utilising Solar energy.

B. TECHNOLOGY ABSORPTION:

- Carbon block relining, stave coolers technology.
- Non drainable launders.
- Hydraulic drilling machine for better control.
- Energy efficient automatic valve less gravity filter to control TSS and turbidity of the cooling water.
- Encoder based stock rod control for precise burden monitoring.
- Waste heat recovery system for effective energy management (sinter plant).

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	(Rupees in Million)
Earnings	-
Outgo	4,188.13

D. RESEARCH AND DEVELOPMENT (R&D) :

Company focuses in the area of new process development and new product development in the field of Foundry. Company is also working for development and progressing in achieving improved processes for manufacture of pig iron and thereby reduce the cost of manufacture of pig iron.

1. Specific areas in which R&D carried out by the Company.
   - GCP slurry mixing for better slag granulation and density control, (MBF II).
   - Change in the top equipment from Rotary Hopper to REBD (Rotary Eccentric Burden Distributor) for better distribution of the burden.
   - Introduction of Carbide tip drill bits for cost control and process efficiency (MBF II).
   - Started using Anthracites Coal for reducing coke cost (sinter plant).
   - Auto Lubrication system for the sinter machine for cost reduction.
   - Top equipment modifications for better sealing, strengthening and hence better furnace Operations.
   - Gas Preheater Head Room increase for better efficiency and working (stoves).
   - Joint design and development activities of BS 6 compliant engine components along with OEMs.
   - Use of Simulation software, CAE / CAM, white light scanning and 3D modelling technologies for efficient and effective casting development.
   - Use of robotic facilities for improved productivity and quality of castings.
   - 3D printing of cores for development of prototype castings without tooling with less development cycle times.

2. Benefits derived as result of the above R&D:
   - Acquired capability of developing critical castings.
   - Reduction of development cycle time.
   - Improved quality and consistency.
3. Future Plan of Action:
   - New 4 Cylinder block and head casting development for BS6 application.
   - 6 Cylinder block development for Euro 6/BS 6 applications.
   - Prototype casting development through core 3D printing technology.
   - Plastic printing technology to do the quick changes in the fixtures and the tools used for development.
   - Value engineering solutions to OEMs (Original Equipment Manufacturers).
   - Continuous improvements to make the processes more efficient.
4. Expenditure on R&D:

(₹ in Lakhs)

Particulars	**2017-2018**	2016-2017
Capital	**78.17**	-
Recurring	**244.14**	437.01
Total R&D expenditure	**322.31**	437.01

ANNEXURE “D”

ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

As per the Corporate Social Responsibility (CSR) Policy of the Company as adopted by the Board of Directors at its meeting held on 28th April, 2017, eligible funds for CSR activities in each financial year will be expended in the areas of Education, Environment, Health and Rural Development through one or more trusts. These CSR activities will be carried out through various programmes or projects as specified in the CSR Policy. The CSR policy of the Company is available for inspection at www.kfil.com

As on date, the CSR Committee of the Company consists of four Directors, viz. Mr. Rahul C. Kirloskar as Chairman and Mr. R. V. Gumaste, Mr. A. R. Jamenis, and Mr. R. Sampathkumar as members.

Details of expenditure on CSR activities are as follows:

Average net profit of the Company for the financial years 2014–2015, 2015-2016 and 2016-2017	₹ 934,150,633
Prescribed CSR expenditure (2 percent of the average net profit computed above)	at least ₹ 18,683,013
Total amount spent on CSR activities for the financial year 2017-2018	₹ 20,487,770
Amount unspent, if any	Nil

Manner in which the amount spent during the financial year 2017-2018 is detailed below:

Sr No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct Expenditure on projects or programs. 2) Overheads (₹ In Lakhs)	Cumulative expenditure up to the reporting period (₹ In Lakhs)	Amount spent (Direct or through implementing agency) (₹ In Lakhs)
1	Rural education, financial assistance to school children, scholarships, infrastructure for schools, providing stationary to the students, conducting vocational education and coaching classes, soft skill and personality development training, financial assistance to school children for cultural activities.	Education	Bangalore (Karnataka), Bevinahalli (Karnataka), Koppal (Karnataka), Lingadahalli (Karnataka), Hospet (Karnataka), Bijapur (Karnataka), Hitnal (Karnataka), Hosahalli (Karnataka), Pune (Maharashtra).	Amount not specified	157.39	157.39	157.39 Partially direct and partially through trust.
2	Environment Awareness programmes, programmes on energy conservation Conservation Project to save critically endangered species of birds in India	Environment	Solapur, (Maharashtra), Hospet (Karnataka), Koppal (Karnataka), Kolhapur (Maharashtra), Kutch (Gujarat).	Amount not specified	20.37	20.37	20.37 Partially through trust and partially through Implementing agency

Sr No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct Expenditure on projects or programs. 2) Overheads (₹ In Lakhs)	Cumulative expenditure up to the reporting period (₹ In Lakhs)	Amount spent (Direct or through implementing agency) (₹ In Lakhs)
3	Clean drinking water to villages, Construction of toilets, Community health, cleanliness drives, hygiene awareness programmes, health checkup camps, counselling etc.	Health	Bevinahalli (Karnataka), Koppal (Karnataka), Hospet (Karnataka), Solapur (Maharashtra), Shahapur Village (Karnataka), Pune (Maharashtra), Guddadahalli (Karnataka).	Amount not specified	12.98	12.98	12.98 Through trust.
4	Construction of drainages, Construction and renovation of toilet blocks, Construction of rural infrastructure, Construction and renovation of temples, mass marriages, assistance to physically challenged.	Rural Development	Bevinahalli (Karnataka), Koppal (Karnataka), Hospet (Karnataka), Lingadahalli (Karnataka), Shahapur Village (Karnataka), Hagari bommanahalli (Karnataka), Hitnal (Karnataka).	Amount not specified	14.13	14.13	14.13 Through trust.
	Total				204.87	204.87	204.87

The CSR Committee has confirmed that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and the policy of the Company.

sd/-
Rahul C. Kirloskar
Chairman of the CSR Committee
DIN : 00007319
Date : 3rd May, 2018

sd/-
Mr. R. V. Gumaste
Managing Director
DIN : 00082829

ANNEXURE “E-1”

Sr. No.	Name of the Director	Ratio of remuneration of each Director to the median remuneration of the employees of the Company
1	Mr. Atul Chandrakant Kirloskar	1.69
2	Mr. Rahul Chandrakant Kirloskar	1.38
3	Mr. Ravindranath Venkatesh Gumaste	58.70
4	Mr. Anil Narayan Alawani	4.13
5	Mr. Ashok Ramkrishna Jamenis	3.32
6	Ms. Nalini Venkatesh	2.43
7	Mr. Sampathkumar Rangachary	1.78
8	Mr. Bindiganavale Sreenivasan Govind	2.81
9	Mr. Yeshwant S Bhave (Note 1)	Not Applicable
10	Mr. Mahesh Ramchand Chhabria (Note 2)	Not Applicable

ANNEXURE “E-2”

Sr. No.	Name of the Director/KMP	Designation	% Increase/ (Decrease) in the Remuneration
1	**2**	**3**	**4**
1	Mr. Atul Chandrakant Kirloskar	Director	14
2	Mr. Rahul Chandrakant Kirloskar	Director	-
3	Mr. Ravindranath Venkatesh Gumaste	Managing Director and KMP	(37)
4	Mr. Anil Narayan Alawani	Director	7
5	Mr. Ashok Ramkrishna Jamenis	Director	8
6	Ms. Nalini Venkatesh	Director	6
7	Mr. Sampathkumar Rangachary	Director	(38)
8	Mr. Bindiganavale Sreenivasan Govind	Director	66
9	Mr. Yeshwant S Bhave (Note 1)	Director	Not Applicable
10	Mr. Mahesh Ramchand Chhabria (Note 2)	Director	Not Applicable
11	Mr. Raviprakash Srinivasa Srivatsan	KMP	11
12	Mr. Chandrasekhar Panicker	KMP	12

Notes:

1. Mr. Y. S. Bhave was appointed as an Additional Director w.e.f. 23rd January, 2017.
2. Mr. M. R. Chhabria was appointed as an Additional Director w.e.f. 3rd November, 2017.

ANNEXURE "F"

Sl. No.	Name of the Employee	Designation	Remuneration Received In ₹	Nature of employment (Whether Contractual or Otherwise)	Qualification	Experience Years	Date of Commencement of Employment	Age (Years)	Last employment before joining the Company	Percentage of equity shares held	Whether any such employees is a relative of any Director, if so name of such Director
1	Mr. R. V. Gumaste	Managing Director	27,735,228	Regular Employee	B. Tech (Met.)	36	08.11.2001	60	Chief Executive (Works) - Indian Seamless Metal Tubes Limited	0.07	No
2	Mr. N. B. Ektare	COO	9,562,410	Regular Employee	B.E. (Elec.)	35	12.01.1994	58	Manager - Electrical - Usha Ispat Limited	Nil	No
3	Mr. Srivatsan R. S.	CFO	7,656,591	Regular Employee	B.Com.CA	34	12.01.1998	55	Sr.Manager-Finance -Vasavadatta Cement, Unit of Kesoram Industries Limited	Nil	No
4	Mr. Chandrasekhar Panicker	Company Secretary	6,992,700	Regular Employee	B.Com (Hon's), CA and CS	38	14.12.1999	64	Finance Controller - Magnetti Marelli Automotive Components India Limited	Nil	No
5	Mr. Suresh Laxman Kulkarni	SVP	6,398,111	Regular Employee	DME,DBM	41	28.06.2004	62	Senior Manager - The Indian Seamless Metal Tubes Ltd.,	Nil	No
6	Mr. Narayana P.	VP-HR	4,776,411	Regular Employee	B.Com. PG-Dip-HRM, LLB	30	09.06.2016	55	DGM - JSW Steels Limited	Nil	No
7	Mr. Inturi Chandrasekhar	VP-QA	4,691,734	Regular Employee	B.E (Mech.) and MBA-Mktg.	30	16.10.2013	54	GM-Design & Development - Neosym Industry Limited	Nil	No

Sl. No.	Name of the Employee	Designation	Remuneration Received In ₹	Nature of employment (Whether Contractual or Otherwise)	**Qualification**	Experience Years	Date of Commencement of Employment	Age (Years)	Last employment before joining the Company	Percentage of equity shares held	Whether any such employees is a relative of any Director, if so name of such Director
8	Mr. Ramesh C.	VP-Fdy.	4,323,171	Regular Employee	B.E (Mech.)	24	26.09.1994	47	Not applicable	Nil	No
9	Mr. Nagaraj M. G.	VP-PIP	4,297,415	Regular Employee	B.E (Mettalurgy)	25	01.10.1993	49	Not applicable	Nil	No
10	Mr. Pradeep Madulkar	AVP-Fdy.	3,255,484	Regular Employee	B.E (Met.)	27	03.05.2007	48	Magna Industries	Nil	No

ANNEXURE "G"

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

To,
The Members of
KIRLOSKAR FERROUS INDUSTRIES LIMITED,
13, Laxmanrao Kirloskar Road, Khadki,
Pune - 411 003.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIRLOSKAR FERROUS INDUSTRIES LIMITED** (CIN : L27101PN1991PLC063223) (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 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 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 Companies 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 & revised from 1st October, 2017.

(ii) The existing Listing Agreement under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') entered into by the Company with the BSE Limited.

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 meeting 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 was no event / action having a major bearing on the Company's affairs.

Signature:
Mahesh J. Risbud
Practicing Company Secretary
FCS No. 810
C P No.: 185
UCN – S1981MH000400

Date: 27th April, 2018
Place: Pune

ANNEXURE "H"

EMPLOYEE STOCK OPTION PLANS (ESOPs)

Disclosures pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, read with SEBI circular dated 16th June, 2015 on ESOP disclosures for the financial year ended 31st March, 2018.

A) All the Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time, are made in the financial statement.

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): ₹ 2.76 per share.

C) Details related to KFIL Employee Stock Option Scheme 2017:

i) The description including terms and conditions of ESOS is summarized as under:

Sr. No.	Particulars	KFIL ESOS 2017
1.	Date of shareholders' approval	3rd August, 2017
2.	Date of Grant	3rd November, 2017
3.	Total number of options approved under the Scheme	2,500,000
4.	Vesting requirements	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 4 years. Vesting shall be subject to the condition that the grantee is in employment or service of the Company on the date of Vesting and must neither be serving his notice for termination of employment/ service nor subject to any disciplinary proceedings pending against him on the date of vesting.
5.	Exercise price or pricing formula	40 percent discount to 'Market Price' of the Share as on date of Grant of Options, as decided by the Nomination and Remuneration Committee, but in no case shall it be less than the face value of the Shares. "Market Price" means the latest available closing price on the Stock Exchange, on which the shares of the Company are listed on the date immediately prior to the relevant date.
6.	Source of shares	Primary
7.	Variation in terms of options	Subject to necessary approvals as may be required, the NRC may at any time amend, alter or vary the terms of the KFIL ESOS 2017 and/ or terms of the options already granted under the KFIL ESOS 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, no amendment/ modification/ variation has been introduced in terms of options granted by the Company.

ii) Option movement during the year: As on 31st March, 2018

a)	Number of options outstanding at the beginning of year	Nil
b)	Number of options granted during the year	1,765,000
c)	Number of options forfeited / lapsed during the year	Nil
d)	Number of options vested during the year	Nil
e)	Number of options exercised during the year	Nil
f)	Number of shares arising as a result of exercise of options	Nil
g)	Money realized by exercise of options	Nil
h)	Loan repaid by the Trust during the year from exercise price received	Nil
i)	Number of options outstanding at the end of the year	1,765,000
j)	Number of options exercisable at the end of the year	Nil

iii) Employee wise details of options granted during the year:

a) Senior Managerial Personnel (including Key Managerial Personnel):

Sl No	Name of Senior Managerial personnel	Designation	No. of Stock options granted under KFIL ESOS 2017	Exercise Price ₹
1.	Mr. Ravindranath Venkatesh Gumaste	Managing Director	500,000	50
2.	Mr. Ektare Nishikant Balakrishna	Executive Vice President	120,000	50
3.	Mr. Raviprakasha Srinivasa Srivatsan	Executive Vice President	120,000	50
4.	Mr. Chandrasekhar Panicker	Executive Vice President	120,000	50
5.	Mr. Suresh Laxman Kulkarni	Senior Vice President	75,000	50
6.	Mr. Mangote Gowda Nagaraj	Vice President	75,000	50
7.	Mr. Ramesh Cherukuru	Vice President	75,000	50
8.	Mr. Inturi Chandrasekhar	Vice President	75,000	50
9.	Mr. Narayan Paliki	Vice President	75,000	50
10.	Mr. Krishna Murthy	Associate Vice President	50,000	50
11.	Mr. Santosh Chandrakant Gumaste	Associate Vice President	50,000	50
12.	Mr. Pradeep Laxman Madulkar	Associate Vice President	50,000	50
13.	Mr. Prakash Goni	Senior General Manager	40,000	50
14.	Mr. Rajesh Nandkumar Bhutaki	Senior General Manager	40,000	50
15.	Mr. Prakash Narayana Murthy	Senior General Manager	40,000	50
16.	Mr. Raghavendra Joshi	Senior General Manager	40,000	50
17.	Mr. Beluguppa Padma Jeevan Kumar	Senior General Manager	40,000	50
18.	Mr. Hanumanthappa Nagaraja	Senior General Manager	40,000	50
19.	Mr. Rajashekar Ramarao Joshi	Senior General Manager	40,000	50
20.	Mr. Parashuram Navale	Senior General Manager	40,000	50
21.	Mr. Shripad Madhukar Joshi	Senior General Manager	30,000	50
22.	Mr. Alajingi Soloman Chakravarthy	Senior General Manager	30,000	50
		Total	1,765,000	

b) Any other employees who receive a grant in any one year of options amounting to 5% or more of options granted during that year:

Sl No.	Name of Employee	Designation	No. of Stock options granted under KFIL ESOS 2017	Exercise Price ₹
1.	Mr. Ravindranath Venkatesh Gumaste	Managing Director	500,000	50
2.	Mr. Ektare Nishikant Balakrishna	Executive Vice President (Chief Operating Officer)	120,000	50
3.	Mr. Raviprakasha Srinivasa Srivatsan	Executive Vice President (Chief Financial Officer)	120,000	50
4.	Mr. Chandrasekhar Panicker	Executive Vice President (Corporate Finance) and Company Secretary	120,000	50
		Total	860,000	

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

iv) Method used to account for ESOS:

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

D) Compensation expenses arising on account of the share based payments:

Where the Company opts for expensing of the options using intrinsic value of the options, the difference between the employee compensation cost so computed and employee compensation cost that shall have been recognised if it had used the fair value of the options. The impact of this difference on profits and EPS of the Company	Not applicable

E) Weighted average exercise price and weighted average fair value of options, exercise price of which is less than the market price on the date of grant:

Weighted average exercise price ₹ : 50.00

Weighted average fair value ₹ : 39.20

F) Description of the method and significant assumptions used during the year to estimate the fair value of options:

The fair value of the options at grant date is determined using Black Scholes option pricing model after applying the following assumptions.

(a) The model inputs for options granted during the year ended 31st March, 2018 included:

Particulars	3rd November 2018	3rd November 2019	3rd November 2020	3rd November 2021
Share price ₹	83.30	83.30	83.30	83.30
Exercise price ₹	50	50	50	50
Expected Volatility (standard deviation)	41.56%	43.11%	43.28%	42.06%
Expected option life (in years)	2.50	3.50	4.50	5.50
Expected Dividend	3.61%	3.61%	3.61%	3.61%
Risk free interest rate	6.52%	6.58%	6.69%	6.80%
Any other inputs to the model	Nil	Nil	Nil	Nil

(b) The method used and the assumptions made to incorporate the effects of expected early exercise: Not Applicable

(c) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility:

The expected price volatility is determined using annualized standard deviation (a measure of volatility used in Black Scholes Merton option pricing) and the historic volatility based on remaining life of the options`.

(d) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition: Nil

CORPORATE GOVERNANCE REPORT

[Pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')]

1. Company's philosophy on Code of Governance

Corporate Governance contains a set of principles, process and systems to be followed by Directors, Management and all Employees of the Company for increasing the shareholders' value, keeping in view interest of other stakeholders. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws in all dealings with the Government, customers, suppliers, employees and other stakeholders.

2. Board of Directors

(a) Composition of the Board

The Board of Directors comprised of ten Directors as on 31st March, 2018. Out of these, there is one Managing Director, four Non Independent Directors and five Independent Directors, which includes one woman Director.

The Board of Directors is duly constituted pursuant to the provisions of Section 149 of the Companies Act, 2013 and Regulation 17(1) of the Listing Regulations.

(b) Number of Board meetings

During the financial year 2017-2018, six meetings of the Board of Directors were held on 28th April, 2017; 4th July, 2017; 3rd August, 2017, 3rd November, 2017; 24th January, 2018 and 7th March, 2018.

(c) Directors' attendance record

Details on composition and category of Directors, attendance of each Director at the meeting of the Board of Directors, number of other Board of Directors or Committees in which a Director are a member or chairperson are as under –

Category of Directors and Name of Director	Financial Year 2017–2018		Number of Directorships in other public limited companies incorporated in India	Committee positions held in other public limited companies	
	Board Meetings held	Board Meetings attended		Member	Chairman
Promoter Directors (Non Executive)					
Mr. Atul C. Kirloskar Chairman	6	6	4	Nil	Nil
Mr. Rahul C. Kirloskar Vice Chairman	6	6	4	2	Nil
Managing Director (Executive)					
Mr. R. V. Gumaste	6	6	Nil	Nil	Nil
Non Independent Director (Non Executive)					
Mr. A. N. Alawani	6	5	1	1	1
Mr. M. R. Chhabria (Refer Note 3)	3	3	4	2	Nil
Independent Directors (Non Executive)					
Mr. A. R. Jamenis	6	6	Nil	Nil	Nil
Mr. B. S. Govind	6	6	Nil	Nil	Nil
Mr. R. Sampathkumar	6	6	1	Nil	Nil
Mrs. Nalini Venkatesh	6	5	Nil	Nil	Nil
Mr. Y. S. Bhave (Refer Note 4)	6	6	Nil	Nil	Nil

Seven out of Nine Directors were present at the Annual General Meeting of the members held on 3rd August, 2017.

Notes :

1. Directorships held in foreign companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956 / under Section 8 of the Companies Act, 2013 have not been considered.
2. For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders Relationship Committee are considered.
3. Mr. M. R. Chhabria has been appointed as an Additional Director with effect from 3rd November, 2017.
4. Mr. Y. S. Bhave has been appointed as an Independent Director for a term of five consecutive years upto 2nd August, 2022.

Mr. Atul C. Kirloskar and Mr. Rahul C. Kirloskar, being brothers, are related to each other.

No other Director is related to any other Director of the Company within the meaning of Section 2(77) of the Companies Act, 2013 and rules thereof.

Statement showing number of equity shares of the Company held by the Directors as on 31st March, 2018:

Name of Director	Equity Shares of ₹ 5 each
Mr. Atul C. Kirloskar	1,427,939
Mr. Rahul C. Kirloskar	1,425,279
Mr. R. V. Gumaste	99,021
Mr. A. N. Alawani	35,000
Mr. A. R. Jamenis	3,400
Mr. B. S. Govind	200
Mr. R. Sampathkumar	Nil
Mrs. Nalini Venkatesh	10,600
Mr. Y. S. Bhave	Nil
Mr. M. R. Chhabria	Nil

Meeting of Independent Directors :

The meeting of Independent Directors was held on Wednesday, 7th March, 2018 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 Executive Director and Non Executive Directors;
(c) the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors were present at the meeting.

Criteria for performance evaluation of Directors is specified under the heading Nomination and Remuneration Committee mentioned in item 4 below.

Familiarization programme 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.

The Company has conducted various familiarization programmes and presentations for Independent Directors. Details of familiarisation programmes and presentations made are disclosed on the website of the Company, viz. www.kfil.com

3. Audit Committee

(a) Composition

The Audit Committee comprises of four Directors, out of which three are Independent Directors.

Mr. A. R. Jamenis, an Independent Director is the Chairman of the Audit Committee. Other Members of the Committee are Mr. B. S. Govind, Mrs. Nalini Venkatesh and Mr. A. N. Alawani.

The Company Secretary acts as the Secretary of the Committee.

During the financial year 2017-2018, six Audit Committee meetings were held on 27th April, 2017; 4th July, 2017; 3rd August, 2017, 3rd November, 2017; 24th January, 2018; and 7th March, 2018.

The details of attendance by Committee Members are as follows –

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. A. R. Jamenis	Independent and Non – Executive	6	6
Mrs. Nalini Venkatesh	Independent and Non – Executive	6	5
Mr. A. N. Alawani	Non – Independent and Non – Executive	6	5
Mr. B. S. Govind	Independent and Non – Executive	4	4
Mr. R. Sampathkumar	Independent and Non – Executive	2	2

The Managing Director and the Chief Financial Officer attended the meetings of the Audit Committee. The representatives of the Statutory Auditors, the Cost Auditors and the Internal Auditors were invited and attended the meetings of the Audit Committee.

Mr. B. S. Govind was appointed as a Member of the Committee with effect from 4th July, 2017.

Mr. R. Sampathkumar ceased to be a Member of the Committee with effect from 4th July, 2017.

Mr. A. R. Jamenis, the Chairman of the Audit Committee was present at the 26th Annual General Meeting of the Company held on 3rd, August, 2017.

The Audit Committee acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors.

The Audit Committee has been vested with the following powers :

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

(b) Terms of Reference

The terms of reference of the Audit committee include the matters specified in Part II of Schedule II of the Listing Regulations as well as those specified in Section 177 of the Companies Act, 2013 and inter-alia, includes the following –

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Examination of the financial statement and the auditor's report thereon.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the Management, the annual financial statements and auditors' 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 Board's 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 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 opinions in the draft audit report.

- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the statement of uses / applications 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.
- Reviewing and monitoring the auditor’s independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.
- 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.
- Discussion with internal auditors of any significant findings and follow up thereon.
- 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.
- 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.
- To look 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.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- Reviewing the following information :

  a. Management discussion and analysis of financial condition and results of operations;

  b. Statement of significant related party transactions 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 and

  e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

  f. Statement of deviations :

     i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)

     ii. Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7)
- Carrying out any other function as mentioned in terms of reference of the Audit Committee, as amended from time to time by the Companies Act, 2013 and the Listing Regulations.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of four Directors, out of which two Directors are Independent Directors.

Mr. A. R. Jamenis, Independent Director is the Chairman of the Nomination and Remuneration Committee. Other Members of the Committee are Mr. Atul C. Kirloskar, Mr. A. N. Alawani and Mr. Y. S. Bhave.

The Company Secretary acts as the Secretary of the Committee.

During the financial year 2017–2018, three meetings of the Nomination and Remuneration Committee were held on 27th April, 2017, 4th July, 2017 and 3rd November, 2017.

The details of attendance by Committee Members are as follows –

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. A. R. Jamenis	Independent and Non – Executive	3	3
Mr. Atul C. Kirloskar	Non – Independent and Non – Executive	3	3
Mr. A. N. Alawani	Non – Independent and Non – Executive	3	3
Mr. B. S. Govind	Independent and Non – Executive	2	2
Mr. Y. S. Bhave	Independent and Non – Executive	1	1

Notes :

1. Mr. B. S. Govind ceased to be a Member of the Committee with effect from 4th July, 2017.
2. Mr. Y. S. Bhave was appointed as a Member of the Committee with effect from 4th July, 2017.

The Board of Directors has, on the recommendation of the Nomination and Remuneration Committee, adopted the Nomination and Remuneration Policy for selection and appointment of Directors, Senior Management and their remuneration. The copy of the same has been attached as Annexure B to the Directors' Report.

The terms of reference of the Nomination and Remuneration Committee are as follows :

(a) identify persons, who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down,

(b) recommend to the Board the appointment and/or removal of Directors and senior management,

(c) carry out evaluation of every Director's performance,

(d) formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel, senior management personnel and other employees,

(e) formulation of criteria for evaluation of performance of independent directors and the board of directors;

(f) devising a policy on diversity of board of directors;

(g) 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,

(h) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(i) perform such functions as may be assigned by the Board of Directors from time to time, and

(j) perform such functions as required as per the provisions of the Companies Act, 2013, rules thereof and the Listing Regulations.

Criteria for performance evaluation of Directors :

Performance evaluation of each Director was carried out based on the criteria as laid down by the Nomination and Remuneration Committee.

Criteria for performance evaluation included aspects such as attendance at the meetings, participation and independence during the meetings, interaction with management, role and accountability, knowledge and proficiency.

Further, performance evaluation of the Managing Director was also based on business achievements of the Company.

5. Remuneration of Directors

a) Remuneration to Managing Director

The Company pays remuneration by way of salary, perquisites, allowances and commission to the Managing Director. The commission to the Managing Director is decided by the Nomination and Remuneration Committee on determination of the profits for the financial year and is also approved by the Board of Directors. The remuneration to the Managing Director is in accordance with the provisions of the Companies Act, 2013 and rules thereof and within the ceiling prescribed thereunder.

The Members at the Twenty Second Annual General Meeting held on 26th July, 2013 approved the re-appointment and the terms of remuneration of Mr. R. V. Gumaste as the Managing Director for a period of 5 years with effect from 1st July, 2013. The Company had entered into an agreement dated 8th May, 2013 with the Managing Director for a period of 5 years. No notice period and severance fees have been prescribed in the agreement.

Pursuant to the terms of the aforesaid agreement, the Board of Directors at its meeting held on 28th April, 2017 has revised the basic salary from ₹ 600,000 to ₹ 650,000 per month payable to Mr. R. V. Gumaste, Managing Director with effect from 1st April, 2017 upon the recommendation of the Nomination and Remuneration Committee. All other terms and conditions of the agreement remain unchanged.

Details of remuneration, by payment and provision, to Mr. R. V. Gumaste, Managing Director for the financial year 2017–2018 are as follows –

Particulars	Amount (₹)
Salary	8,640,000
Leave Travel Assistance	90,000
Perquisites	232,352
Commission	15,000,000
Contribution to Provident Fund	936,000
Contribution to Superannuation Fund	1,170,000
Gratuity	1,331,769
Leave Encashment	335,107
Total	27,735,228

Salary includes basic salary, special allowance and house rent allowance.

Perquisites include reimbursement of medical expenses, personal accident insurance and mediclaim insurance premium.

Pursuant to KFIL Employee Stock Option Scheme 2017, 500,000 stock options have been granted to Mr. Ravindranath Venkatesh Gumaste, with vesting period spread over 4 years and the same are exercisable by him according to the terms of the Scheme.

b) Remuneration to Non Executive Directors

Section 197 of the Companies Act, 2013 and rules thereof state that, except with the approval of the members in the general meeting, the remuneration payable to Directors, who are neither Managing Directors nor Whole Time Directors, shall not exceed one percent of the net profits of the Company, if there is a Managing Director.

Upon the recommendation of the Nomination and Remuneration Committee and based on the performance of the Company, the Board of Directors decides the remuneration by way of commission to Non Executive Directors.

Details of commission payable to Non Executive Directors for the financial year 2017–2018 are as follows:

Name of Director	Amount (₹)
Mr. Atul C. Kirloskar	300,000
Mr. Rahul C. Kirloskar	300,000
Mr. A. N. Alawani	1,250,000
Mr. A. R. Jamenis	720,000
Mr. B. S. Govind	730,000
Mr. R. Sampathkumar	440,000
Mrs. Nalini Venkatesh	600,000
Mr. Y. S. Bhave	300,000
Mr. M. R. Chhabria	150,000
Total	4,790,000

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

Payment of sitting fees to Non Executive Directors:

The Board of Directors at its meeting held on 28th April, 2017 has increased the sitting fees payable to a Non Executive Director from ₹ 25,000 to ₹ 50,000 for attending a meeting of the Board of Directors and the Committees thereof.

Sitting Fees paid to Non Executive Directors during financial year 2017–2018 are as under :

Name of Director	Amount (₹)
Mr. Atul C. Kirloskar	500,000
Mr. Rahul C. Kirloskar	350,000
Mr. A. N. Alawani	700,000
Mr. A. R. Jamenis	850,000
Mr. B. S. Govind	600,000
Mr. R. Sampathkumar	400,000
Mrs. Nalini Venkatesh	550,000
Mr. Y. S. Bhave	350,000
Mr. M. R. Chhabria	150,000
Total	4,450,000

6. Stakeholders Relationship Committee

The Company has the Stakeholders Relationship Committee, which comprises of three Directors, viz. Mr. Atul C. Kirloskar, Mr. A. R. Jamenis and Mr. A. N. Alawani.

Mr. Atul C. Kirloskar acts as the Chairman of the Committee. The Committee has been constituted to consider and resolve the grievances of the security holders of the Company, including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

During the financial year 2017–2018, one meeting of the Stakeholders Relationship Committee was held on 28th March, 2018.

Mr. C. S. Panicker, Company Secretary has also been authorised by the Board of Directors to expedite the process of transfer / transmission of shares. The details of transfer / transmission of shares are placed before the meeting of the Board of Directors on a regular basis.

The Compliance Officer can be contacted at –

Mr. C. S. Panicker, Company Secretary
Kirloskar Ferrous Industries Limited
13, Laxmanrao Kirloskar Road,
Khadki, Pune 411 003
Tel (020) 66084664 direct
Fax (020) 25813208 / 25810209

The Company has designated an exclusive email ID investor@kfil.com for the investors to register their grievances, if any. The Company has also displayed the said email ID on its website for the use of investors.

Seven complaints were received during the year ended 31st March, 2018. Six complaints have been redressed and one complaint was pending as on 31st March, 2018.

7. General Body Meetings

Details of last three Annual General Meetings held :

Annual General Meeting	Financial Year	Date, Time and Place
24th Annual General Meeting	2014 – 2015	30th July, 2015 12 Noon Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
No special resolution was passed.		
25th Annual General Meeting	2015 – 2016	28th July, 2016 12 Noon Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
No special resolution was passed.		
26th Annual General Meeting	2016 – 2017	3rd August, 2017 12 Noon Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
Two special resolutions were passed : 1. Approval to the payment of commission to Non Executive Directors not exceeding one percent of Net Profits for each financial year commencing from the financial year 2017–2018. 2. Approval to the introduction and implementation of KFIL Employee Stock Options Scheme 2017 ('KFIL ESOS, 2017') and to grant 2,500,000 stock options to specified senior Management employees and Directors (other than Promoter Directors, Independent Directors and Directors holding directly or indirectly more than 10 percent of the outstanding equity shares of the Company).		

No resolution was passed through the postal ballot during the financial year 2017–2018.

8. Means of Communication

In compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company regularly intimates financial results to the BSE Limited immediately after they are approved by the Board of Directors. The financial results of the Company are also available on the website viz, www.bseindia.com

Quarterly and half yearly results are published in national and local dailies such as Financial Express (English newspaper) and Loksatta (Marathi newspaper) having wide circulation. Since the results of the Company are published in national and regional newspapers, the results are not sent individually to each member.

The financial results and official news releases of the Company are also displayed on the website of the Company, viz. www.kfil.com

9. General Shareholders' Information

Day, Date and Time	Wednesday, 25th July, 2018 at 12 Noon
Venue	Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
Financial Year	1st April, 2017 to 31st March, 2018 During the year under review, the results were announced as under – First Quarter 3rd August, 2017 Second Quarter 3rd November, 2017 Third Quarter 24th January, 2018 Annual 3rd May, 2018
Dates of Book Closure	16th July, 2018 to 25th July, 2018 (Both days inclusive)
Dividend payment date	On or before 1st August, 2018.
Listing on stock exchange	BSE Limited, P. J. Towers, Dalal Street, Fort, Mumbai 400001
Stock Code	500245
ISIN	INE884B01025

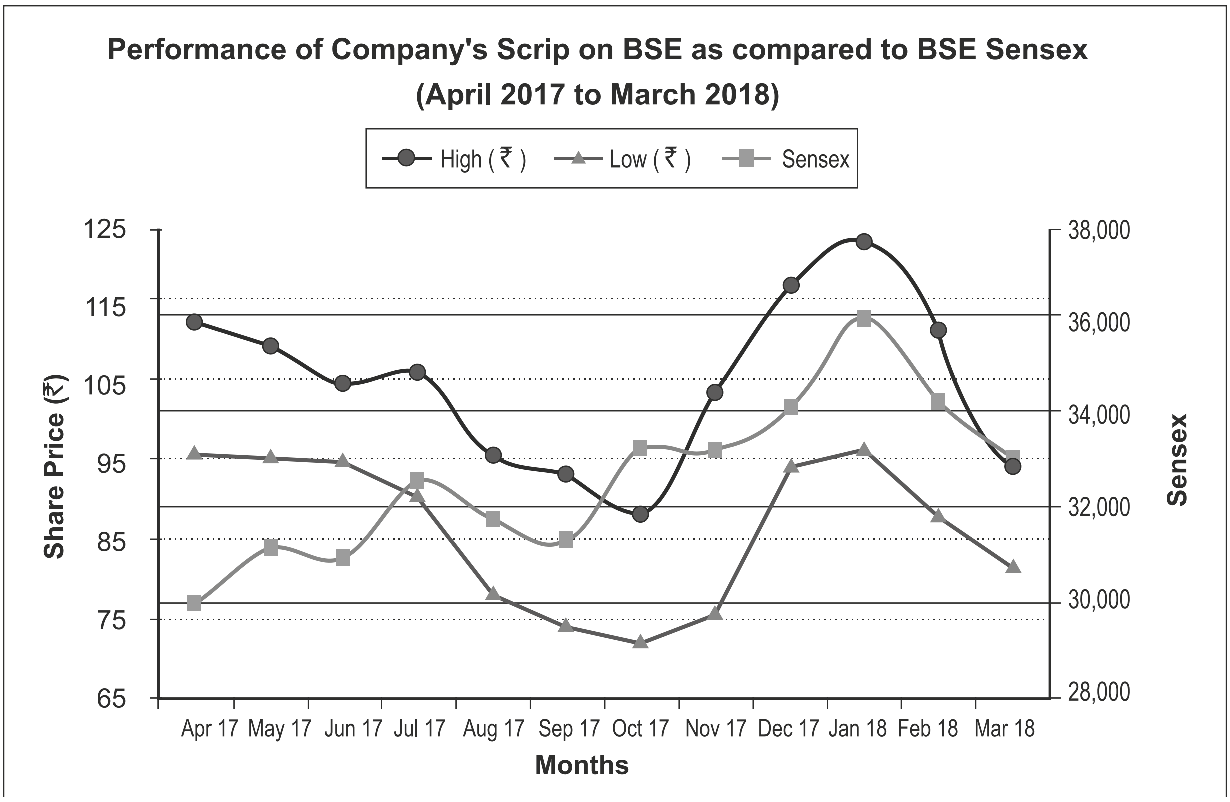
The annual listing fees for the financial year 2017–2018 have been paid to the BSE Limited and there is no amount outstanding as on date.

Market Price Data

Monthly high / low prices of equity share on the BSE Limited during the financial year 2017–2018 are as follows :

Year	Month	High (₹)	Low (₹)
2017	April	112.00	95.50
	May	108.90	95.00
	June	104.20	94.80
	July	105.70	90.50
	August	95.45	78.00
	September	92.80	74.15
	October	87.70	72.00
	November	103.00	75.45
	December	116.40	94.00
2018	January	121.90	96.00
	February	100.85	88.00
	March	94.05	81.20

Performance of the Company's equity shares on the BSE Limited as compared to the BSE Sensex :



Registrar and Share Transfer Agent -

The Company entrusted the entire work relating to processing of transfer of securities to M/s. Link Intime India Private Limited, a SEBI Registered Registrar and Share Transfer Agent.

The Registrar and Share Transfer Agent can be contacted at –

Link Intime India Private Limited
Akshay Complex, Block No 202,
Second Floor, Off Dhole Patil Road,
Near Ganesh Temple,
Pune 411 001.
Tel No. (020) 26161629 / 26160084
Fax No. (020) 26163503
Email : pune@linkintime.co.in

Share Transfer System

The applications for transfer of shares in physical form are processed by the Registrar and Share Transfer Agent of the Company and are returned after the registration of transfers within 15 days from the date of receipt, subject to the validity of all documents lodged with the Company. The applications for transfer of shares under objection are returned within a week. The transfer applications are approved at regular intervals.

Distribution of Shareholding as on 31st March, 2018

Nominal Value of Shares (₹)		Shareholders		Shares	
From	To	Number	Percentage to Total	Number	Percentage to Total
1	5,000	53,456	92.94	10,709,941	7.80
5,001	10,000	1,594	2.77	2,538,853	1.85
10,001	20,000	1,065	1.85	3,100,374	2.26
20,001	30,000	554	0.96	2,807,531	2.04
30,001	40,000	187	0.33	1,326,770	0.97
40,001	50,000	188	0.33	1,796,577	1.31
50,001	100,000	242	0.42	3,548,644	2.58
100,001 and above		230	0.40	111,479,391	81.19
Total		57,516	100.00	137,308,081	100.00

Shareholding Pattern as on 31st March, 2018

Category	Number of Shares	Percentage of Shareholding
Promoters and Promoters Group	81,783,822	59.56
Domestic Companies	5,444,739	3.97
Mutual Funds	8,534,041	6.22
Foreign Institutional Investors	28,500	0.02
Foreign Portfolio Investors	860,967	0.63
Financial Institutions / Banks	500	0.00
Non Resident Indians	1,795,861	1.31
Directors and their relatives	196,988	0.14
Hindu Undivided Families	1,886,830	1.37
Clearing Members	373,843	0.27
Trusts	500	0.00
Investor Education and Protection Fund (IEPF)	1,317,387	0.96
General Public	35,084,103	25.55
Total	137,308,081	100.00

Equity Shares in electronic form

As on 31st March, 2018, 97.06 percent of paid-up equity share capital of the Company was held in electronic form.

Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and impact on equity.

There are no convertible instruments outstanding as on 31st March, 2018 for conversion into equity shares.

Commodity price risk or foreign exchange risk and hedging activities

During the financial year 2017-2018, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. The details of foreign currency exposure are disclosed in Note No. 37 forming part of the Financial Statements.

Plant Locations

1. Bevinahalli Village, P.O. Hitnal, Taluka and District Koppal, Karnataka 583 234.
2. Hotgi Road, Shivashahi, Solapur, Maharashtra 413 224.

Address for correspondence

Kirloskar Ferrous Industries Limited 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003 Tel (020) 66084664 direct Fax (020) 25813208 / 25810209 Email : investor@kfil.com	Link Intime India Private Limited Akshay Complex, Block No 202, Second Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune 411 001 Tel No. (020) 26161629 / 26160084 Fax No. (020) 26163503 Email : pune@linkintime.co.in

10. Other Disclosures

a) **Related Party Transactions**

During the financial year 2017–2018, there were no materially significant transactions with the related parties. The Board of Directors has adopted the policy on related party transactions. The copy of the same has been uploaded and is available at the website of the Company, viz. www.kfil.com

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

c) **Vigil Mechanism / Whistle Blower Policy**

The Board of Directors has adopted the Vigil Mechanism / Whistle Blower Policy. The policy has provided a mechanism for Directors, Employees and other persons dealing with the Company to report to the Chairman of the Audit Committee, any instance of unethical behaviour, actual or suspected fraud or violation of the Code of Conduct of the Company.

The details of the policy has been uploaded at the website of the Company, viz. www.kfil.com

d) The Company has no subsidiary company. Hence, no policy for determining material subsidiaries is adopted.

e) Details of the Cost Auditor

With reference to the General Circular No.15/2011-52/5/CAB-2011 dated 11th April, 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, following are the details of Cost Auditor and filing of cost audit report with the Central Government :

M/s. Parkhi Limaye and Co, Cost Accountants (Firm Registration No. 000191)
'Aabha', Plot No. 16, Siddhakala Society, Warje, Pune 411058
Email ID : parkhilimaye@hotmail.com

The Cost Audit Report for the financial year ended 31st March, 2017 has been filed with the Central Government on 31st August, 2017.

f) The Management Discussion and Analysis Report forms part of the Annual Report and is in accordance with the requirements laid out in Schedule V of the Listing Regulations.

g) The status of adoption of non-mandatory requirements as specified in sub–regulation 1 of Regulation 27 of the Listing Regulations are as follows :

i. The Board :

Mr. Atul C. Kirloskar is Non Executive Chairman. The Company does not bear the expenses for maintaining the office of the Chairman.

ii. Shareholder Rights:

As the quarterly and half yearly financial results are published in the newspapers and are also posted on the website of the Company, viz. www.kfil.com the same are not being sent to the shareholders.

iii. Modified opinion(s) in audit report:

The Financial Statements of the Company for the financial year ended 31st March, 2018 does not contain any modified audit opinion.

iv. Separate posts of Chairperson and CEO :

The Chairman of the Board is a Non Executive Director and his position is separate from that of the Managing Director.

v. Reporting of Internal Auditor :

The Internal Auditors report to the Audit Committee and have direct access to the Audit Committee.

CEO / CFO Certification

A certificate signed by the Managing Director and the Chief Financial Officer confirming compliance of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the meeting of the Board of Directors held on 3rd May, 2018.

Transfer of unpaid dividend to Investor Education and Protection Fund (IEPF)

Pursuant to Section 124 of the Companies Act, 2013 and rules thereof, any money transferred to the Unpaid Dividend Account of a company, which remains unpaid or unclaimed for a period of seven years, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF).

After the transfer of unpaid dividend to the IEPF, any person claiming to be entitled to such amount may apply to the Investor Education and Protection Fund Authority in accordance with provisions of Section 125 of the Companies Act, 2013 and rules thereof.

The Members who have not yet encashed their dividend warrant(s) are requested to make their claims without any delay to the Company's Registrar and Share Transfer Agent, i.e. Link Intime India Private Limited.

Due dates for transfer of unclaimed dividend to the IEPF :

Financial Year	Date of Declaration	Date of Payment	Dividend percent	Date on which dividend will become part of IEPF
2010-2011	22nd July, 2011	11th August, 2011	20	26th August, 2018
2011-2012	24th July, 2012	16th August, 2012	20	27th August, 2019
2012-2013	26th July, 2013	19th August, 2013	25	29th August, 2020
2013-2014	13th August, 2014	2nd September, 2014	25	12th September, 2021
2014-2015	30th July, 2015	21st August, 2015	25	31st August, 2022
2015-2016	10th March, 2016	29th March, 2016	25	9th April, 2023
2016-2017	3rd August, 2017	22nd August, 2017	35	8th September, 2024

Pursuant to provisions of Rule 5 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the details of unclaimed dividend amounts as on the date of Annual General Meeting (i.e. 3rd August, 2017) have been filed in Form No. IEPF–2 with the Ministry of Corporate Affairs and have been uploaded at the website of the Company, viz. www.kfil.com

Transfer of equity shares to the Investor Education and Protection Fund (IEPF)

Pursuant to provisions of Section 124(6) of the Companies Act, 2013 and rules thereof as amended from time to time, all shares, in respect of which dividend has not been paid or claimed for seven consecutive years or more, shall be transferred by the company in the name of Investor Education and Protection Fund (IEPF) alongwith a statement containing such details as may be prescribed.

Accordingly, the Company has transferred 1,317,387 number of equity shares of ₹ 5 each in December 2017 to the Investor Education and Protection Fund (IEPF) by way of corporate action.

Procedure for dealing with unclaimed shares

Pursuant to Regulation 39(4) of the Listing Regulations, the Company had sent reminder letters to those shareholders, 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 shareholders, if these shareholders submit necessary documents to the Company.

Nominations in respect of shares held in physical form / electronic form

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be vested in the event of death of the registered shareholder(s). The prescribed nomination form can be obtained from the Company or the Registrar and Share Transfer Agent.

Nomination facility for shares held in electronic form is available with the depository participant as per the bye laws and business rules applicable to NSDL and CDSL.

Payment of Dividend by electronic means

As per Regulation 12 of the Listing Regulations, the Company shall use electronic modes of payment such as electronic clearing services, direct credit, real time gross settlement, national electronic funds transfer, etc. for making payment of dividend.

Accordingly, Shareholders holding shares in electronic mode are requested to register latest bank account details with their Depository Participants and those holding shares in physical form are requested to register latest bank account details with the Company’s Registrar and Share Transfer Agent, viz. Link Intime India Private Limited.

Income Tax PAN mandatory for Transfer of securities

As per Regulation 40(7) read with Schedule VII of the Listing Regulations, for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the listed entity for registration of transfer of securities.

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

To the Members of **KIRLOSKAR FERROUS INDUSTRIES LIMITED,**

Pursuant to Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), I hereby declare that all Board members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board and made effective from 1st December, 2015. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

For Kirloskar Ferrous Industries Limited

Ravindranath V. Gumaste
Managing Director
DIN : 00082829

Pune : 3rd May, 2018

AUDITORS' CERTIFICATE ON COMPLIANCE OF REGULATIONS OF CORPORATE GOVERNANCE

The Members,
Kirloskar Ferrous Industries Limited,
13, Laxmanrao Kirloskar Road, Khadki,
Pune – 411003.

Independent Auditors' Certificate on Compliance of conditions of Corporate Governance

We have examined the compliance of conditions of corporate governance by Kirloskar Ferrous Industries Limited ('the Company') for the year ended 31st March, 2018 as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI.

Based on our examination of the relevant records and according to the best of our information and explanations provided to us, we certify that the Company has complied with the conditions of regulations of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration number: 105215W/W100057

Suhas Deshpande
Partner
Membership No.031787

Pune : 3rd May, 2018

INDEPENDENT AUDITORS' REPORT

To The Members of
Kirloskar Ferrous Industries Limited

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of Kirloskar Ferrous Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statement

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") 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 Order.

2. As required by Section 143(3) of the Act, based on our audit 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 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 including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e. On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g. 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 Ind AS financial statements - Refer Note 44 to Ind AS 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 Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W / W100057

Suhas Deshpande
Partner
Membership No.: 31787

Pune : May 03, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section 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 equipment.

(b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) (a) As informed to us, the physical verification of inventory has been conducted by the management at reasonable intervals and the discrepancies noticed during such physical verification were not material. Stocks lying with third parties at the year-end have been confirmed.

The discrepancies noticed on physical verification of Inventory as compared to the book records have been properly dealt with the Books of Account.

(iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not given loans, made investments or given guarantees which are covered by the provisions of Section 185 and 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 under Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.

(vi) The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act and we are of the opinion that prima facie such accounts and records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise, Service Tax, Goods & Service Tax, Employees' State Insurance, Cess and any other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(b) Details of dues of Income-tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31st March, 2018 on account of disputes are given below:

Sl. No.	Name of the statute	Nature of the dues	Amount unpaid (₹)	Period(s) to which the amount relate	Forum where such dispute is pending
1	Central Excise Act, 1944	Interest on refund	341,496	2004-05	Assistant Commissioner of Central Excise, Bellary
2	Central Excise Act, 1944	Cenvat Credit issues	1,428,937	2007-08 to 2016-17	Assistant Commissioner of Central Excise, Bellary
3	Central Excise Act, 1944	Cenvat Credit availed on Steel	94,084	2010-11	Assistant Commissioner of Central Excise, Bellary
4	Central Excise Act, 1944	Cenvat Credit on capital goods write offs	1,023,603	2009-10	Additional Commissioner of Central Excise, Belgaum,
5	Finance Act, 1994	Cenvat Credit utilised for Service Tax payment	7,585,734	2006-07	Commissioner of Central Excise, Belgaum
6	Finance Act, 1994	Cenvat Credit issues	772,188	2009-10 to 2011-12	Assistant Commissioner of Central Excise, Bellary
7	Finance Act, 1994	Cenvat Credit issues	2,716,155	2011-12 & 2016-17	Assistant Commissioner of Central Excise, Bellary
8	Finance Act, 1994	Service Tax demand on Interest on Letter of Credit	11,496,454	2012-13	CESTAT, Bangalore
9	Finance Act, 1994	Service Tax demand on usance charges	562,844	2016-17	Assistant Commissioner of Central Excise, Bellary
10	Finance Act, 1994	Service Tax demand on usance charges	926,030	2014-15 and 2015-16	Commissioner of Central Excise (Appeals), Mysore
11	Finance Act, 1994	Service Tax Cenvat Credit availed on Input Services	5,373,798	2015-16 & 2016-17	Commissioner of Central Excise, Belgaum
12	Customs Act, 1962	Refund of customs duty	337,883	2010-11	CESTAT, Bangalore
13	Income Tax Act, 1961	Minimum Alternate Tax	115,460,131	2005-06 to 2007-08	Hon'ble High Court Mumbai
14	Income Tax Act, 1961	Disallowance of Expenses	93,615,326	2011-12 & 2012-13	Commissioner of Income Tax (Appeals), Pune
15	Karnataka VAT Act, 2003	Disallowed Input Tax Credit	8,276,255	2007-08	Hon'ble High Court of Karnataka, Dharwad Bench,
16	Karnataka VAT Act, 2003	Rejected Input Tax Credit	3,779,903	2008-09	Assistant Commissioner of Commercial Tax, Davanagere
17	Karnataka VAT Act, 2003	Input Tax Credit on purchases	53,207,879	2013-14 & 2014-15	Local Vat Officer, Koppal

Sl. No.	Name of the statute	Nature of the dues	Amount unpaid (₹)	Period(s) to which the amount relate	Forum where such dispute is pending
18	Provident Fund and Miscellaneous Provisions Act, 1952	Interest and damages for belated remittance	6,719,589	2001 to 2005	EPF Appellate Tribunal, New Delhi
19	Provident Fund and Miscellaneous Provisions Act, 1952	Demand for differential PF dues	11,813,110	2012-13 to 2015-16	EPFO, Bellary

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company had not raised money by way of further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

Suhas Deshpande
Partner
Membership No. 31787

Pune, May 03, 2018

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 Ferrous Industries Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 31st March, 2018, 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 issued by the Institute of Chartered Accountants of India

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

Suhas Deshpande
Partner
Membership No. 31787

Pune, May 03, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in Lakhs)

Particulars	Note No.	31st March, 2018	31st March, 2017	1st April, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	5	55,680	56,998	54,602
Capital work in progress	5	7,332	1,888	808
Other Intangible assets	6	397	418	416
Intangible assets under development		-	-	-
Financial assets				
(i) Investments	7	1	1	-
(ii) Loans	8	879	943	935
(iii) Other financial assets	9	5	5	5
Other non current assets	10	701	328	748
Total non-current assets		64,995	60,581	57,514
Current assets				
Inventories	11	21,719	12,186	9,298
Financial assets				
(i) Trade receivables	12	29,093	21,022	13,945
(ii) Cash and cash equivalent	13	206	952	266
(iii) Bank balance other than (ii) above	13	313	282	336
(iv) Loans	14	27	30	34
(v) Other financial assets	15	127	23	27
Current tax asset (net)	16	1,012	917	963
Other current assets	17	2,329	2,558	2,751
Total current assets		54,826	37,970	27,620
Total Assets		119,821	98,551	85,134
EQUITY AND LIABILITIES				
Equity				
Equity share capital	18	6,865	6,865	6,865
Other equity	19	52,383	51,392	42,584
Total equity		59,248	58,257	49,449
Liabilities				
Non-current liabilities				
Provisions	20	166	136	127
Deferred tax liabilities (Net)	21	8,263	8,047	7,194
Total non-current liabilities		8,429	8,183	7,321
Current liabilities				
Financial liabilities				
(i) Borrowings	22	7,239	11,114	9,824
(ii) Trade payable	23	35,775	16,349	13,647
(iii) Other current financial liabilities	24	6,652	3,260	3,545
Other current liabilities	25	1,930	981	782
Provisions	26	548	407	566
Total current liabilities		52,144	32,111	28,364
Total liabilities		60,573	40,294	35,685
Total equity and liabilities		119,821	98,551	85,134

As per our report of even date attached

For and on behalf of the Board of Directors

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

R.V.GUMASTE
Managing Director
DIN 00082829

Suhas Deshpande
Partner
Membership No. 031787

C.S.PANICKER
Company Secretary

R.S.SRIVATSAN
Chief Financial Officer

Pune, May 03, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Lakhs)

Particulars	Note No.	For the Year ended	
		31st March, 2018	31st March, 2017
INCOME			
Revenue from operations	**27**	**172,387**	127,676
Other Income	**28**	**516**	534
Total Income		**172,903**	128,210
EXPENSES			
Cost of materials consumed	**29**	**108,766**	74,565
Purchases of stock-in-trade		**5,986**	-
Changes in inventories of finished goods, stock-in -trade and work-in-progress	**30**	**26**	(1,482)
Employee benefits expense	**31**	**8,066**	7,352
Finance costs	**32**	**1,097**	1,054
Depreciation and amortization expense	**33**	**4,953**	4,587
Other expenses	**34**	**38,567**	30,025
Total expenses		**167,461**	116,101
Profit before tax		**5,442**	12,109
Tax expenses			
(1) Current tax		**1,440**	3,233
(2) Short/ (excess) for the earlier years		**(46)**	(301)
(3) Deferred tax		**248**	394
Profit for the year		**3,800**	8,783
Other Comprehensive Income			
Items that will not be reclassified to profit or (loss)			
Remeasurements of post-employment benefit obligations		**(93)**	38
Income Tax relating to above		**32**	(13)
Other Comprehensive Income for the year, net of tax		**(61)**	25
Total Comprehensive Income for the year (Comprising profit and Other Comprehensive Income for the year)		**3,739**	8,808
Earnings per equity share (for continuing operations)	**35**		
Basic (₹)		**2.77**	6.40
Diluted (₹)		**2.76**	6.40

As per our report of even date attached

For and on behalf of the Board of Directors

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

R.V.GUMASTE
Managing Director
DIN 00082829

Suhas Deshpande
Partner
Membership No. 031787

C.S.PANICKER
Company Secretary

R.S.SRIVATSAN
Chief Financial Officer

Pune, May 03, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

(₹ in Lakhs)

Particulars	For the Year ended 31st March, 2018		For the year ended 31st March, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit before tax		**5,442**	12,109
Add :			
Depreciation	**4,953**		4,587
(Profit) / Loss on sale of assets	**141**		1
Bad debts written off (net of provisions)	**7**		20
Unrealised Foreign exchange (Gain) / Loss	**(1)**		(3)
Share based payment to employees	**144**		-
Remeasurements of post-employment benefit obligations	**(93)**		38
Fair value changes in derivative financial instrument	**(46)**		-
Finance Costs	**1,097**		1,054
		6,202	5,697
Less :		**11,644**	17,806
Rental Income	**(7)**		(12)
Interest Income	**(148)**		(345)
Dividend Income	**-**		-
Provision no longer required written back	**(94)**		(87)
Sundry Credit balances appropriated	**(100)**		(45)
		(349)	(489)
Operating profit before working capital changes		**11,295**	17,317
Movements in working capital:			
Decrease / (Increase) in Inventories	**(9,533)**		(2,887)
Decrease / (Increase) in Trade Receivables	**(8,079)**		(7,097)
Decrease / (Increase) in Non-Current Loans	**64**		(9)
Decrease / (Increase) in Other Non-Current Assets	**69**		-
Decrease / (Increase) in Current Loans	**3**		4
Decrease / (Increase) in Other Current Assets	**230**		192
Increase / (Decrease) in Non-Current Provisions	**31**		9
Increase / (Decrease) in Trade Payables	**19,527**		2,751
Increase / (Decrease) in Other Current Financial Liabilities	**(353)**		(425)
Increase / (Decrease) in Other Current Liabilities	**949**		199
Increase / (Decrease) in Current Provisions	**141**		(159)
		3,049	(7,422)
Cash generated from Operations		**14,344**	9,895
Taxes paid		**(1,489)**	(2,439)
Net cash from Operating Activities (A)		**12,855**	7,456
B. CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of Fixed Assets, including CWIP and Capital Advances	**(5,904)**		(7,468)
Investments	**-**		(1)
Proceeds from sale of Fixed Assets	**70**		102
Non Current - Other Financial Assets	**-**		-
Interest Received	**90**		349
Dividend Received	**-**		-
Rental Income	**7**		12
Net Cash used in Investing Activities (B)		**(5,737)**	(7,006)
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Interest and Other Borrowing cost paid	**(1,076)**		(1,040)
Other Borrowing Costs	**(21)**		(14)
Increase / (Decrease) in Cash Credit	**(3,875)**		1,290
Dividend Paid	**(2,403)**		-
Tax on Dividend Paid	**(489)**		-
Net Cash from Financing Activities (C)		**(7,864)**	236
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)		**(746)**	686
Cash and Cash Equivalents at the beginning of the year (Refer Note 13A)	**952**		266
Cash and Cash Equivalents at the end of the year (Refer Note 13A)	**206**		952

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

R.V.GUMASTE
Managing Director
DIN 00082829

Suhas Deshpande
Partner
Membership No. 031787

C.S.PANICKER
Company Secretary

R.S.SRIVATSAN
Chief Financial Officer

Pune, May 03, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. Equity Share Capital (Note 18)

(₹ in Lakhs)

Balance as on 1st April, 2016	Changes in equity share capital during the year	Balance as on 31st March, 2017
6,865	-	6,865

Balance as on 1st April, 2017	Changes in equity share capital during the year	Balance as on 31st March, 2018
6,865	-	**6,865**

B. Other Equity (Note 19)

(₹ in Lakhs)

Particulars	Reserves and surplus			Share options outstanding account	Total
	Securities premium reserve	General reserve	Surplus of profit or loss		
Balance as on 1st April, 2016	19,384	4,000	19,200	-	42,584
Total Comprehensive Income					
Profit for the year	-	-	8,783	-	8,783
Other Comprehensive Income	-	-	25	-	25
Transfer to General Reserve	-	500	(500)	-	-
Distribution to shareholders					
Interim dividend	-	-	-	-	-
Divident distribution tax	-	-	-	-	-
Balance as on 31st March, 2017	19,384	4,500	27,508	-	51,392
Total Comprehensive Income					
Profit for the year	-	-	3,800	-	3,800
Other Comprehensive Income	-	-	(61)	-	(61)
Transfer to General Reserve	-	500	(500)	-	-
Employee stock option expense	-	-	-	144	144
Distribution to shareholders					
Dividend	-	-	(2,403)	-	(2,403)
Dividend distribution tax	-	-	(489)	-	(489)
Balance as on 31st March, 2018	19,384	5,000	27,855	144	52,383

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

R.V.GUMASTE
Managing Director
DIN 00082829

Suhas Deshpande
Partner
Membership No. 031787

C.S.PANICKER
Company Secretary

R.S.SRIVATSAN
Chief Financial Officer

Pune, May 03, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Indian ₹ in lakhs unless otherwise stated)

1) THE CORPORATE OVERVIEW

Kirloskar Ferrous Industries Limited ('the Company') was incorporated in 1991, a flagship Company of Kirloskar Group, promoted by Kirloskar Oil Engines Limited and Shivaji Works Limited. Shivaji Works Limited was subsequently merged with Kirloskar Oil Engines Limited. The erstwhile Kirloskar Oil Engines Limited now changed its name and is known as Kirloskar Industries Limited.

At present, the Company is the subsidiary of Kirloskar Industries Limited. The Company is having two manufacturing plants, one at Koppal district in Karnataka state and another at Solapur in Maharashtra state. The Company is engaged in manufacturing of iron castings.

2) BASIS OF PREPARATION

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

The Financial Statements up to the year ended 31st March, 2017 were prepared in accordance with the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP"). The financial statements for the year ended 31st March, 2018 are the first financial statements of the Company prepared in accordance with Ind AS. An explanation of how the transition to Ind AS has affected the reported balance sheet, profit or loss and cash flows of the Company is provided in Note 46.

a) Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1st April, 2017. The transition from Previous GAAP to Ind AS has been accounted for in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards", with 1st April, 2016 being the transition date.

In accordance with Ind AS 101 "First time adoption of Indian Accounting Standard", the Company has presented a reconciliation from the presentation of financial statements under accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of total equity as at 1st April, 2017 and reconciliation of profit as previously reported under Indian GAAP to Ind AS.

b) Basis of measurement

The 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.

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value.
- Defined benefit plans – plan assets are measured at fair value.
- Equity settled share-based payments – measured at grant date fair value.

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.

c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months from the date of reporting, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months from the date of reporting.

All other assets are classified as non-current.

A liability is classified as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months from the date of reporting, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months from the date of reporting.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Rounding of amounts

All amounts disclosed in the Financial Statements including notes have been rounded off to the nearest lakhs in Indian Rupee (INR) as per the requirements of Schedule III of the Companies Act, 2013; unless otherwise indicated.

3) SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Property, plant and equipment

- **Recognition and measurement**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost comprises of purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs attributable to construction or acquisition of a qualifying asset for the period up to the date, the asset is ready for its intended use are included in the cost of the asset to which they relate.

Pre-operative expenditure including trial run expenses comprising of revenue expenses incurred as reduced by the revenue generated during the period up to the date, the asset is ready for its intended use are treated as part of costs of that asset.

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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under “Other non-current assets”.

- **Transition to Ind AS**

The Company has elected to continue with the carrying value of all of its property, plant and equipment and capital work in progress, measured as per the Indian GAAP as at 31st March 2016 and use those carrying values as deemed cost as at the date of transition to Ind AS i.e. 1st April, 2016.

- **Subsequent costs**

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 Company 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 property, plant and equipment are recognised in the statement of profit and loss as incurred.

- **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. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net and disclosed within other income or expenses in the statement of profit and loss.

- **Depreciation methods, estimated useful life and residual value**

  Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013, as assessed by the management of the Company based on technical evaluation except in the case of following assets:

<table>
<tr><td>Description</td><td>Useful life considered</td><td>Justification for deviation</td></tr>
<tr><td colspan="3">Plant and equipments:</td></tr>
<tr><td>a) Sinter plant</td><td>20 years</td><td rowspan="5">Based on past history of usage and supported by technical evaluation report</td></tr>
<tr><td>b) Blast furnace and allied machineries used in manufacture of pig Iron</td><td>20 years</td></tr>
<tr><td>c) Foundry machineries</td><td>20 years</td></tr>
<tr><td>d) Turbo generator</td><td>20 years</td></tr>
<tr><td>e) Plant and equipments under lease</td><td>5 Years</td></tr>
<tr><td colspan="3">Office equipments</td></tr>
<tr><td>Equipment installed at employee’s residence</td><td>3 Years</td><td>As per the terms of Company’s policy</td></tr>
<tr><td colspan="3">Vehicles</td></tr>
<tr><td>Vehicles given to employees</td><td>5 years</td><td>As per the terms of Company’s policy</td></tr>
</table>

  Freehold land is not depreciated.

b) Intangible assets

- **Recognition and measurement**

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

  Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

- **Transition to Ind AS**

  The Company has elected to continue with the carrying value of all of its intangible assets, measured as per the Indian GAAP as at 31st March, 2016 and use those carrying values as deemed cost as at the date of transition to Ind AS i.e. 1st April, 2016.

- **Derecognition**

  An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of intangible asset are determined by comparing the proceeds from disposal with the carrying amount of intangible asset and are recognised net and disclosed within other income or expenses in the statement of profit and loss.

- **Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful life of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life for current and comparative periods are as follows:

Computer software	6 years
Mining rights	11 years being the period of lease

c) Leases

- **Company as a lessee**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Payments under operating leases are recognised in the statement of profit and loss generally on straight line basis.

- **Company as lessor**

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on straight line basis.

d) Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset or Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where 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 of disposal, recent market transactions are considered.

Impairment losses are recognised in the statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

- **Reversal of impairment loss**

An 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.

e) Inventories

Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost is determined using weighted average method.

Work in process and finished goods other than by-products are valued at lower of cost and net realizable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity. Cost is arrived at by absorption cost method.

By-products are valued at net realisable value.

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 realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

g) Revenue recognition

Revenue from sale of goods is recognised when all significant risks and rewards of ownership of the goods are passed on to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. It also includes excise duty and excludes Goods and Service Tax (GST), value added tax or sales tax. Sales are stated net of discounts, rebates and returns.

h) Other income

- **Interest income**

  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 instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Dividends**

  Dividends are recognised in the statement of profit and loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount can be measured reliably.

- Any other incomes are accounted for on accrual basis.

i) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost 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.

j) Foreign currency transactions and balances

Company has identified Indian Rupee as its functional currency.

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions 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 rates 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.

k) Employee Benefits

- **Short-term employee benefits**

  All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short-term compensated absences, ex-gratia, performance pay etc. are recognised in the period in which the employee renders the related service.

- **Post-employment benefits**

  Defined contribution plans

  The Company's approved superannuation scheme and central provident fund scheme are a defined contribution plan. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

  Defined benefit plans

  The employees' gratuity fund scheme is managed by a trust, is the Company's defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

  The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

  Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

  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 net basis.

  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.

  Net interest is calculated by applying the discount rate to the net defined benefit liability or the fair value of the plan asset. The cost is included in employee benefit expense in the statement of profit and loss.

- **Other long-term employee benefits**

  The liabilities for earned leave which are not expected to be settled within twelve months from the date of reporting period in which the employee render the related service are measured as the present value of expected future payments to be made in respect of services provided by employee up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement beyond twelve months of the reporting period, regardless of when the actual settlement is expected to occur.

l) Share-based payments

Employees of the Company who are entitled to receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

- **Equity-settled transactions**

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

  That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. 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 represents the movement in cumulative expense recognised as at the beginning and at the end of the period and to be recognised in the employee benefits expense.

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

m) Research and development cost

Revenue expenditure on the research and development is charged off as expense in the year in which incurred. Capital expenditure for research and development activity is grouped with property, plant and equipments under appropriate heads and depreciation is provided as per the rates applicable.

n) Income tax

Income tax expense comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to the items recognised directly in OCI.

- **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 based on the taxable profits computed for the current accounting period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

- **Deferred tax**

  Deferred tax is provided using the balance sheet method on temporary differences between the tax base 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 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.

  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.

  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 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 entity and the same taxation authority.

o) Provisions and contingencies

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and 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, 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 in the statement of profit and loss.

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 recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised in financial statements, unless they are virtually certain. However, contingent assets are disclosed where inflow of economic benefits are probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

p) Fair value measurement

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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- 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 financial statements 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 based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

q) 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.

- **Initial recognition and measurement**

  Financial instruments are initially recognised when the entity becomes party to the contract.

  Financial instruments are measured initially at fair value adjusted for transaction costs that are directly attributable to the origination of the financial instrument where financial instruments not classified at fair value through profit or loss. Transaction costs of financial instruments which are classified as fair value through profit or loss are expensed in the statement of profit and loss.

- **Subsequent measurement of financial assets**

  For the purposes of subsequent measurement, the financial assets are classified in the following categories based on the Company's business model for managing the financial assets and the contractual terms of cash flows:

  - those to be measured subsequently at fair value; either through OCI or through profit or loss
  - those measured at amortised cost

  For assets measured at fair value, changes in fair value will either be recorded in the statement of profit and loss or OCI. For investments in debt instruments, this will depend on the business model in which investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through OCI.

  The Company reclassifies debt investments when and only when its business model for managing those assets changes.

  Debt instruments at amortised cost

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

  - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - The 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.

  A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using Effective Interest Rate (EIR) method.

Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVTOCI. The movements in the carrying amount are recognised through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gain or losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in other gains/ losses. Interest income from these financial assets is included in other income using EIR method.

Debt instruments at Fair Value Through Profit or Loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on debt instrument that is subsequently measured at FVTPL and is not a part of hedging relationship is recognised in the statement of profit and loss within other gains/ losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments

All equity investments in the scope of Ind AS 109 Financial Instruments are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to recognise subsequent changes in the fair value in 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 the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of equity instrument.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

- **Subsequent measurement of financial liabilities**

  For the purposes of subsequent measurement, the financial liabilities are classified in the following categories:

  - those to be measured subsequently at fair value through profit or loss (FVTPL)
  - those measured at amortised cost

  Following financial liabilities will be classified under FVTPL:

  - Financial liabilities held for trading
  - Derivative financial liabilities
  - Liability designated to be measured under FVTPL

  All other financial liabilities are classified at amortised cost.

  For financial liabilities measured at fair value, changes in fair value will be recorded in the statement of profit and loss except for the fair value changes on account of own credit risk are recognised in Other Comprehensive Income (OCI).

  Interest expense on financial liabilities classified under amortised cost category are measured using Effective Interest Rate (EIR) method and are recognised in statement of profit and loss.

- **Derecognition of financial instruments**

  The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

  A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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.

- **Impairment of financial assets**

  The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets mentioned below:

  - Financial assets that are debt instrument and are measured at amortised cost
  - Financial assets that are debt instruments and are measured as at FVTOCI
  - Trade receivables under Ind AS 18

The impairment methodology applied depends on whether there has been a significant increase in credit risk. Details how the Company determines whether there has been a significant increase in credit risk is explained in the respective notes.

For impairment of trade receivables, the Company chooses to apply practical expedient of providing expected credit loss based on provision matrix and does not require the Company to track changes in credit risk. Percentage of ECL under provision matrix is determined based on historical data as well as futuristic information.

- **Derivative financial instruments**

  Initial measurement and subsequent measurement

  The Company uses derivative financial instruments, such as forward currency contracts to hedge foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

r) Cash dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and approved by the shareholders. A corresponding amount is recognised directly in equity.

s) Earnings per share (EPS)

Basic EPS is 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 financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

t) Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director who makes strategic decisions.

Identification of Segments

The Company's operating business predominantly relates to manufacture of iron castings.

4) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with Ind AS, requires the management to make judgments, estimates and assumptions that affect the amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities, disclosure of the contingent liabilities and notes to accounts at the end of each reporting period. Actual results may differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management have made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating Segment

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by the Managing Director, being the Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to recognition of segments. Accordingly, the Company recognizes Iron Castings as its sole Segment.

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.

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 estimates and assumptions on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market conditions or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit obligation

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligations are determined using actuarial valuation. 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, mortality rates and future post-retirement medical benefit increase. 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, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligations and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

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 are based on the expected future inflation rates for the country.

Further details about defined benefit obligations are provided in the respective note.

Deferred Tax

Deferred tax assets are recognised for all deductible temporary differences including 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 are unused tax losses can be utilized.

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

5. PROPERTY, PLANT AND EQUIPMENTS

(₹ in Lakhs)

Particulars	Freehold land	Leasehold land	Buildings	Plant & Equipments	Plant & Equipments given under Lease	Furniture & Fixtures	Vehicles	Office equipments	Computers	Total	Capital Work in progress
GROSS CARRYING AMOUNT											
As at 1st April, 2016	503	442	16,215	74,049	7	260	376	506	254	92,612	808
Additions	-	-	701	6,030	-	27	159	33	16	6,966	8,048
Disposals	-	-	5	1,912	-	1	54	6	5	1,983	6,968
Adjustments	-	-	-	(3)	-	2	-	5	(4)	-	-
As at 31st March, 2017	503	442	16,911	78,164	7	288	481	538	261	97,595	1,888
Additions	24	-	497	3,018	-	8	96	14	87	3,744	9,188
Disposals	-	-	13	1,938	-	5	22	48	47	2,073	3,744
Adjustments	-	-	2,277	(2,329)	-	3	-	7	9	(33)	
As at 31st March, 2018	527	442	19,672	76,915	7	294	555	511	310	99,233	7,332
DEPRECIATION											
As at 1st April, 2016	-	-	5,039	32,307	1	109	150	226	178	38,010	
For the year	-	-	613	3,655	1	25	60	87	28	4,469	
Disposals	-	-	4	1,831	-	1	34	6	6	1,882	
Adjustments	-	-	-	(1)	-	-	1	-	-	-	
As at 31st March, 2017	-	-	5,648	34,130	2	133	177	307	200	40,597	
For the year	-	-	759	3,851	-	24	77	89	33	4,833	
Disposals	-	-	9	1,736	-	5	19	46	47	1,862	
Adjustments	-	-	635	(662)	-	2	-	5	5	(15)	
As at 31st March, 2018	-	-	7,033	35,583	2	154	235	355	191	43,553	
NET CARRYING AMOUNT											
As at 31st March, 2018	527	442	12,639	41,332	5	140	320	156	119	55,680	7,332
As at 31st March, 2017	503	442	11,263	44,034	5	155	304	231	61	56,998	1,888
As at 1st April, 2016	503	442	11,176	41,742	6	151	226	280	76	54,602	808

Note 5 of Property, Plant and Equipments includes Assets at Research and Development facility, the details of which are as under.

PROPERTY, PLANT AND EQUIPMENTS : RESEARCH AND DEVELOPMENT FACILITY

(Below figures are included in Note 5 : Property, Plant and Equipments)

(₹ in Lakhs)

Particulars	Freehold land	Leasehold land	Buildings	Plant & Equipments	Plant & Equipments given under Lease	Furniture & Fixtures	Vehicles	Office equipments	Computer	Total
GROSS CARRYING AMOUNT										
As at 1st April, 2016	-	-	-	249	-	-	-	-	9	258
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	1	1
As at 31st March, 2017	-	-	-	249	-	-	-	-	9	258
Additions	-	-	-	-	-	-	-	-	3	3
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2018	-	-	-	249	-	-	-	-	12	261
DEPRECIATION										
As at 1st April, 2016	-	-	-	145	-	-	-	-	5	150
For the year	-	-	-	11	-	-	-	-	2	13
Disposals	-	-	-	-	-	-	-	-	1	1
As at 31st March, 2017	-	-	-	156	-	-	-	-	6	162
For the year	-	-	-	11	-	-	-	-	2	13
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2018	-	-	-	167	-	-	-	-	8	175
NET CARRYING AMOUNT										
As at 31st March, 2018	-	-	-	82	-	-	-	-	4	86
As at 31st March, 2017	-	-	-	93	-	-	-	-	3	96
As at 1st April, 2016	-	-	-	104	-	-	-	-	4	108

6 OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Mining Rights	Computer software	Total	Capital Work in progress
GROSS CARRYING AMOUNT				
As at 1st April, 2016	11	790	801	-
Additions	-	121	121	121
Disposals	-	2	2	121
Adjustments	-	-	-	-
As at 31st March, 2017	11	909	920	-
Additions	-	81	81	81
Disposals	-	1	1	81
Adjustments	-	33	33	-
As at 31st March, 2018	**11**	**1,022**	**1,033**	**-**
DEPRECIATION				
As at 1st April, 2016	9	376	385	
For the year	1	117	118	
Disposals	-	1	1	
Adjustments	-	-	-	
As at 31st March, 2017	10	492	502	
For the year	1	119	120	
Disposals	-	1	1	
Adjustments	-	15	15	
As at 31st March, 2018	**11**	**625**	**636**	
NET CARRYING AMOUNT				
As at 31st March, 2018	**-**	**397**	**397**	
As at 31st March, 2017	1	417	418	
As at 1st April, 2016	2	414	416	

Note 6 includes assets at Research and Development facility, the details of which are as under.

OTHER INTANGIBLE ASSETS - RESEARCH AND DEVELOPMENT FACILITY

(Below figures are included in Note 6: Other Intangible Assets)

(₹ in Lakhs)

Particulars	Mining Rights	Computer Software	Total
GROSS CARRYING AMOUNT			
As at 1st April, 2016	-	73	73
Additions	-	-	-
Disposals	-	-	-
As at 31st March, 2017	-	73	73
Additions	-	75	75
Disposals	-	-	-
As at 31st March, 2018	**-**	**148**	**148**
DEPRECIATION			
As at 1st April, 2016	-	49	49
For the year	-	8	8
Disposals	-	-	-
As at 31st March, 2017	-	57	57
For the year	-	10	10
Disposals	-	-	-
As at 31st March, 2018	**-**	**67**	**67**
NET CARRYING AMOUNT			
As at 31st March, 2018	**-**	**81**	**81**
As at 31st March, 2017	-	16	16
As at 1st April, 2016	-	24	24

7. INVESTMENTS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Investments in Equity Shares (Fully Paid up)			
In unquoted equity instruments			
Kirloskar Proprietary Limited (One Equity Share with a face value of ₹100 per share)	**-**	-	-
S. L. Kirloskar CSR Foundation (9,800 Equity Shares with a face value of ₹ 10 per share)	**1**	1	-
Total	**1**	1	-

Note :

The Company has not performed a fair valuation of its investment in unquoted ordinary shares, which are classified as FVTOCI, as the Company believes that impact of change on account of fair value is insignificant.

8. LOANS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Unsecured, considered good			
Security deposits	**868**	932	924
Loans to employees	**11**	11	11
Total	**879**	943	935

Note:

1. Security deposits and loans are measured at amortised cost.
2. Company has not made any loans to related parties.

9. OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Unsecured, considered good			
Non-current bank balances			
Margin money deposit	**1**	1	1
Deposits with more than 12 months maturity	**3**	3	3
Interest accrued on deposits	**1**	1	1
Total	**5**	5	5

Note : Other financial assets are measured at amortised cost.

10. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Unsecured, considered good			
Capital advances	**673**	231	651
Advances other than capital advances:			
Prepaid expenses	**10**	16	3
Advance to suppliers	**18**	81	94
Unsecured, considered doubtful			
Claims receivable	**31**	76	76
Less: Provision	**(31)**	(76)	(76)
Total	**701**	328	748

No advances are given to any Directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any Director is a partner or a Director or a member.

11. INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Raw material at site	**5,171**	3,202	2,348
Raw material in transit	**8,519**	1,444	710
	13,690	4,646	3,058
Work-in-progress	**3,299**	2,941	2,251
Finished goods	**792**	1,187	438
Stores and spares	**3,823**	3,308	3,490
By-products	**115**	104	61
Total	**21,719**	12,186	9,298

Details of Work-in-progress

(₹ in Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
a. Castings	**2,528**	2,139	1,851
b. Patterns	**615**	701	258
c. Others	**156**	101	142
Total	**3,299**	2,941	2,251

Details of Finished Goods

(₹ in Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
a. Pig iron	**357**	966	182
b. Castings	**435**	221	256
Total	**792**	1,187	438

12. TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Trade receivables (Unsecured) :			
Considered good	**29,093**	21,022	13,945
Considered doubtful	**261**	350	330
	29,354	21,372	14,275
Less: Allowance for bad and doubtful trade receivables	**(261)**	(350)	(330)
Total	**29,093**	21,022	13,945

Notes :

1. Trade receivable are measured at amortised cost.
2. Company has not made any sales transaction with the related parties.

Movement in allowance of bad and doubtful trade receivable

(₹ in Lakhs)

Particulars	₹
At 1st April, 2016	330
Provided during the year	20
Amount written off	-
Amount written back	-
At 31st March, 2017	350
Provided during the year	20
Amount written off	-
Amount written back	(109)
At 31st March, 2018	**261**

13. CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	**As at 31st March**		As at 1st April
	2018	2017	2016
A. Cash and Cash Equivalents			
Balances with banks			
In Current accounts	**206**	950	261
Cash on hand	**-**	2	5
Total (A)	**206**	952	266
B. Other Bank balances			
Earmarked balances (unpaid dividend accounts)	**313**	282	336
Total (B)	**313**	282	336
Total (A+B)	**519**	1,234	602

14. LOANS (CURRENT)

(₹ in Lakhs)

Particulars	**As at 31st March**		As at 1st April
	2018	2017	2016
Unsecured, considered good			
Loan to employees	**27**	30	34
Total	**27**	30	34

Note:
1. Loans are measured at amortised cost.
2. Company has not made any loans to the related parties.

15. OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Lakhs)

Particulars	**As at 31st March**		As at 1st April
	2018	2017	2016
Unsecured, considered good			
Interest accrued on deposits	**81**	23	27
Derivative assets			
Foreign currency forward contract	**46**	-	-
Total	**127**	23	27

Note:
1. Deposit assets are measured at amortised cost.
2. Derivative assets are subsequently measured at fair value through profit or loss.

16. CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Income Tax (Net)	**1,012**	917	963
Total	**1,012**	917	963

17. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Unsecured, considered good			
Advances to suppliers*	**1,253**	746	1,204
Balances with Central Excise / Customs / Octroi	**-**	656	403
Balances with VAT authorities	**979**	1,034	1,009
Prepaid expenses	**97**	122	135
Total	**2,329**	2,558	2,751

***** Advances to suppliers include ₹ 176 Lakhs (previous year ₹ 25 Lakhs) paid in foreign currency.

18. SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Authorised Equity Share Capital			
210,000,000 (210,000,000) Equity Shares of ₹ 5 each	**10,500**	10,500	10,500
Issued, Subscribed and Paid up Equity Share Capital			
137,308,081 (137,308,081) Equity Shares of ₹ 5 each	**6,865**	6,865	6,865
Total	**6,865**	6,865	6,865

Note: The Company has Authorised Preference Share Capital comprising of 117,000,000 (117,000,000) Preference Shares of ₹ 10 each aggregating to ₹ 11,700 (11,700) Lakhs. However the same has not been issued nor subscribed.

a. Reconciliation of the shares at the beginning and at the end of the reporting period.

Particulars	**Year ended 31st March, 2018**		Year ended 31st March, 2017	
	Number	(₹ in Lakhs)	Number	(₹ in Lakhs)
Equity shares				
Balance at the beginning of the year	**137,308,081**	**6,865**	137,308,081	6,865
Shares issued during the year	**-**	**-**	-	-
Shares bought back during the year	**-**	**-**	-	-
Balance at the end of the year	**137,308,081**	**6,865**	137,308,081	6,865

b. Rights and preferences attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Equity shares held by holding company

Name of Shareholder	**Year ended 31st March, 2018**		Year ended 31st March, 2017	
	No. of shares held	**Percentage of holding**	No. of shares held	Percentage of holding
Kirloskar Industries Limited*	**70,643,754**	**51.45**	70,643,754	51.45

* Kirloskar Industries Limited is the only shareholder holding more than 5 percent of the total equity shares.

19. OTHER EQUITY

(₹ in Lakhs)

Particulars	**As at 31st March**		As at 1st April
	2018	2017	2016
a. Securities premium reserve			
Opening balance	**19,384**	19,384	19,384
Add : Securities premium credited on share issue	**-**	-	-
Total (a)	**19,384**	19,384	19,384
b. General reserves			
Opening balance	**4,500**	4,000	3,500
Add: Current year transfer from Surplus	**500**	500	500
Closing balance **Total (b)**	**5,000**	4,500	4,000
c. Surplus - balance in the statement of profit and loss			
Opening balance	**27,508**	19,200	16,000
Add :			
Profit for the year	**3,800**	8,783	5,773
Other comprehensive income / (loss)	**(61)**	25	-
Less : Appropriations			
Dividend on equity shares	***(2,403)**	-	(1,716)
Dividend Distribution Tax	***(489)**	-	(357)
Amount transferred to General reserves	**(500)**	(500)	(500)
Closing balance **Total (c)**	**27,855**	27,508	19,200
d. Share options outstanding account			
Opening balance	**-**	-	-
Add: Employee stock option expense	**144**	-	-
Less: Deduction during the year	**-**	-	-
Closing balance **Total (d)**	**144**	-	-
Total (a+b+c+d)	**52,383**	51,392	42,584

Note: * ₹ 2,403 Lakhs and ₹ 489 Lakhs pertains to Financial Year 2016-2017.

20. PROVISIONS (NON-CURRENT)

(₹ In Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Provision for employee benefits			
Leave encashment	**166**	136	127
Total	**166**	136	127

21. DEFERRED TAX LIABILITIES (NET)

The major components of income tax expense for the years ended 31st March, 2018 and 31st March, 2017 are as given below:

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2018	2017
Statement of Profit and Loss section		
Current income tax:		
Current income tax charge	**1,440**	3,233
Short/ (excess) for the earlier years	**(46)**	(301)
Deferred tax:		
Relating to origination and reversal of temporary differences	**248**	394
Income tax expense reported in the Statement of Profit and Loss	**1,642**	3,326
OCI Section		
Deferred tax related to items recognised in OCI during the year:		
Deferred tax net loss/(gain) on actuarial gains and losses	**32**	(13)
Income tax charged to OCI	**32**	(13)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2018	2017
Accounting profit before tax	**5,442**	12,109
At India's statutory income tax rate of 34.608% (31st March, 2017: 34.608%)	**1,883**	4,190
Tax effects on adjustments which are not deductible (taxable) in calculating taxable income :		
Tax of earlier years	**(46)**	(301)
MAT Credit entilement	**-**	(122)
On account of deduction under tax holiday period	**(411)**	62
Other items which are not deductible (taxable) in calculating taxable income	**141**	(435)
Items on which deductions are allowed on payment basis	**53**	(31)
Provisions for doubtful debts	**17**	-
Depreciation reversible in tax holiday period	**(28)**	169
Exchange fluctuation on capital items	**1**	-
On account of rate difference in Income Tax	**-**	(206)
Others	**32**	-
Income tax expense reported in the statement of profit and loss	**1,642**	3,326

Deferred tax relates to the following

(₹ In Lakhs)

Particulars	Balance Sheet			Statement of Profit and Loss	
	As at 31st March		As at 1st April	For the Year ended 31st March	
	2018	2017	2016	**2018**	2017
Depreciation	**(8,762)**	(8,503)	(8,012)	**259**	491
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	**409**	318	240	**(91)**	(79)
Provision for doubtful debts and advances	**90**	138	133	**48**	(4)
MAT credit entitlement	**-**	-	446	**-**	-
Others	**-**	-	(1)	**-**	(1)
Deferred tax on gratuity expense, transferred from profit and loss to Other Comprehensive Income	**-**	-	-	**32**	(13)
Net deferred tax expense / (income)				**248**	394
Net deferred tax Assets / (Liabilities)	**(8,263)**	(8,047)	(7,194)		

(₹ In Lakhs)

Reflected in the Balance Sheet as follows:	As at 31st March		As at 1st April
	2018	2017	2016
Deferred Tax Liabilities	**8,762**	8,503	8,012
Deferred Tax Assets	**499**	456	818
Deferred Tax Liabilities, Net	**8,263**	8,047	7,194

(₹ In Lakhs)

Reconciliation of Deferred Tax Liabilities, Net	As at 31st March	
	2018	2017
Opening balance	**8,047**	7,194
Tax expense during the year recognised in statement of profit and loss	**248**	394
MAT credit entitlement utilised during the year	**-**	446
Tax expense during the year recognised in OCI	**(32)**	13
Closing balance	**8,263**	8,047

The Company offsets the tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

22. BORROWINGS (CURRENT)

(₹ In Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Secured			
Loans payable on demand			
Short Term Loans	**-**	-	-
Cash Credit from banks	**6,159**	6,229	7,986
Total (a)	**6,159**	6,229	7,986
Unsecured			
Loans payable on demand			
Overdraft from Bank	**1,080**	3,458	1,838
Short Term Loans	**-**	1,427	-
Total (b)	**1,080**	4,885	1,838
Total (a + b)	**7,239**	11,114	9,824

Notes

Borrowings are measured at amortised cost.

Security for Secured Loans :

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹45,000 Lakhs (previous year ₹ 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.

Net Debt reconciliation

(₹ In Lakhs)

Particulars	As at 31st March	
	2018	2017
Cash and Bank Balance		
Cash and cash equivalents	**206**	952
Other bank balances	**313**	282
	519	1,234
Borrowings		
Current Borrowings	**(7,239)**	(11,114)
Net debt	**(6,720)**	(9,880)

(₹ In Lakhs)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2017	1,234	(11,114)	(9,880)
Cash flows	(715)	-	(715)
Interest accrued but not due as on 1st April, 2017	-	-	-
Interest accrued but not due as on 31st March, 2018	-	-	-
Interest expense	-	(1,076)	(1,076)
Interest paid	-	1,076	1,076
(Borrowing) / Repayment (Net)	-	3,875	3,875
Net debt as at 31st March, 2018	**519**	**(7,239)**	**(6,720)**

(₹ In Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Outstanding amount under non fund based limits:			
i. Aggregate value of the amount outstanding under Letter of Credit			
Secured	**11,241**	4,790	5,063
Unsecured	**13,886**	3,320	1,667
ii. Aggregate value of guarantees outstanding			
Secured	**392**	351	83
Unsecured	**500**	100	-

23. TRADE PAYABLES

(₹ In Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Acceptances	**22,836**	7,931	6,384
Due to micro, small and medium enterprises	**687**	205	206
Due to other than micro, small and medium enterprises	**12,252**	8,213	7,057
Total	**35,775**	16,349	13,647

Trade payable are measured at amortised cost

24. OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ In Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Derivative liabilities			
Foreign currency forward contract	**-**	299	150
Other financial liabilities			
Current maturities of long term borrowings	**-**	-	1,000
Interest accrued but not due on borrowings	**-**	-	-
Interest accrued and due on borrowings	**-**	-	-
Unclaimed dividend #	**313**	282	336
Payable for capital purchases	**4,896**	1,088	806
Payable to employees	**1,058**	1,128	1,004
Creditors for expenses	**383**	461	247
Security deposit	**2**	2	2
Total	**6,652**	3,260	3,545

There is no amount due and outstanding as at balance sheet date to be credited to Investor Education and Protection Fund.

Note :

1. Derivative Liabilities are subsequently measured at fair value through profit or loss.

2. Other Financial Liabilities are measured at amortised cost.

(₹ In Lakhs)

Disclosure in respect of principal and interest pertaining to the "Micro, Small and Medium Enterprises Development Act 2006". The information has been given in respect of such vendors on the basis of information available with the Company:

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Total outstanding to MSME Suppliers (not due)			
i. Trade payables	**687**	205	206
ii. Other Current Liabilities - Creditors for capital goods	**2,716**	21	1
Principal amount due remaining unpaid			
i. Trade payables	**-**	-	-
ii. Creditors for capital goods	**-**	-	-
Interest on above and unpaid interest	**-**	-	-
Interest paid	**-**	-	-
Payment made beyond the appointed day	**-**	-	-
Interest due and payable for the period of delay	**-**	-	-
Interest accrued and remaining unpaid at the end of the year	**-**	-	-
Amount of further interest remaining due and payable in succeeding year	**-**	-	-

25. OTHER CURRENT LIABILITIES

(₹ In Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Advance from customers	**512**	529	431
Taxes and duties (Net)	**1,368**	406	305
Provident fund payable	**50**	46	46
Total	**1,930**	981	782

26. PROVISIONS (CURRENT)

(₹ In Lakhs)

Particulars	As at 31st March		As at 1st April
	2018	2017	2016
Provision for employee benefits			
Contribution to Superannuation funds	**20**	19	17
Gratuity (Refer Note No. 40)	**144**	38	224
Leave encashment	**384**	350	325
Total	**548**	407	566

27. REVENUE FROM OPERATIONS

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2018	2017
Sale of products (including excise duty)		
Pig iron	**87,687**	66,548
Castings	**71,909**	58,295
By-products	**2,294**	2,172
Other operating income		
Scrap / miscellaneous sales	**10,497**	661
Total	**172,387**	127,676

Note :

Revenue from operations for the year ended 31st March, 2018 is not comparable with revenue from operations for the year ended 31st March, 2017, as the amount of excise duty is not included in the revenue from operations post implementation of GST effective from 1st July, 2017.

28. OTHER INCOME

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2018	2017
Interest income from financial assets at amortised cost	**148**	345
Dividend	**-**	-
Other non-operating income		
Rental income	**7**	12
Insurance claim received	**17**	1
Taxes refund	**132**	1
Provision no longer required written back	**94**	87
Sundry credit balances appropriated	**100**	45
Miscellaneous income	**18**	43
Total	**516**	534

29. COST OF MATERIAL CONSUMED

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2018	2017
Stock at the beginning of the year	**4,646**	3,058
Add : Purchases	**117,810**	76,153
	122,456	79,211
Less : Stock at the end of the year	**13,690**	4,646
Cost of material consumed	**108,766**	74,565

30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2018	2017
At the end of the year		
a. Finished goods	**792**	1,187
b. By-Products	**115**	104
c. Work-in Progress	**3,299**	2,941
Total (a)	**4,206**	4,232
At the beginning of the year		
a. Finished goods	**1,187**	438
b. By-Products	**104**	61
c. Work-in Progress	**2,941**	2,251
Total (b)	**4,232**	2,750
(Increase)/Decrease (b-a)	**26**	(1,482)

31. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2018	2017
Salaries, wages and incentives	**6,632**	6,098
Contributions to		
Provident fund	**268**	246
Superannuation scheme	**20**	19
Gratuity (Refer Note No.40)	**114**	116
Others	**21**	13
Share based payment to employees (Refer Note No. 41)	**144**	-
Staff welfare expenses	**867**	860
Total	**8,066**	7,352

32. FINANCE COSTS

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2018	2017
Interest expense	**1,076**	1,040
Other borrowing costs	**21**	14
Total	**1,097**	1,054

33. DEPRECIATION AND AMORTISATION EXPENSE

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2018	2017
Property, plant and equipment (Refer Note No. 5)	**4,833**	4,469
Intangible assets (Refer Note No. 6)	**120**	118
Total	**4,953**	4,587

34. OTHER EXPENSES

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2018	2017
a. OPERATIONAL EXPENSES		
Consumption of stores and spare parts	**15,605**	12,345
Power, fuel and water	**13,570**	8,791
Machinery hire charges	**195**	143
Repairs and maintenance		
Machinery	**1,187**	1,287
Buildings	**214**	254
Fettling and other manufacturing expenses	**2,029**	1,724
Other processing expenses	**1,106**	927
Excise duty on increase / (decrease) in closing stock of finished goods	**(150)**	84
Total (a)	**33,756**	25,555
b. SELLING EXPENSES		
Freight and forwarding expenses (net)	**1,124**	858
Advertisement	**16**	20
Sales commission and incentive	**258**	836
Royalty	**387**	290
Other selling expenses	**112**	155
Total (b)	**1,897**	2,159
c. ADMINISTRATIVE EXPENSES		
Rent [Note (i)]	**77**	14
Rates and taxes	**328**	202
Insurance	**36**	34
Other repairs and maintenance	**140**	222
Travelling expenses	**211**	222
Legal and professional charges	**489**	453
Communication expenses	**45**	59
Printing and stationery	**43**	66
Auditors remuneration [Note (ii)]	**32**	36
Miscellaneous expenses	**587**	530
Directors' commission	**48**	73
Bad debts written off	**96**	-
Provision for doutful debts	**(89)**	20
Directors sitting fees	**45**	19
CSR expenses [Note (iii)]	**204**	176
Net loss on foreign currency transactions	**481**	184
Loss on assets sold, demolished, discarded and scrapped	**141**	1
Total (c)	**2,914**	2,311
Total (a+b+c)	**38,567**	30,025

Note (i) Rent

The lease payments under operating leases charged to the statement of profit and loss during the year amounts to ₹ 72.98 Lakhs (Previous year ₹ 6.22 Lakhs) and the total future minimum lease payments under operating leases are:

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2018	2017
Lease rent payable		
Not Later than one year	**55**	58
Later than one year and not later than five years	**52**	107
Later than five years	**-**	-

Note (ii) Payments to auditors

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2018	2017
a. As auditors	**28**	28
b. For certification fees and other services	**2**	7
c. Reimbursement of expenses	**2**	1
Total	**32**	36

Note (iii) Details of CSR Expenditure

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2018	2017
Gross amount to be spent during the year	**187**	143
Amount spent in cash during the year on:		
Construction/acquisition of any asset	**-**	-
Others		
Education	**157**	112
Environment	**20**	11
Health	**13**	23
Rural development	**14**	30
Total	**204**	176

Note (iv) Research and Development expediture

(₹ In Lakhs)

Revenue expenses on research and development incurred during the year are given below	For the Year ended 31st March	
	2018	2017
Cost of materials/consumables/spares	**8**	101
Employee related expense	**232**	306
Other expenses	**4**	30
Total	**244**	437

35. Earnings per equity share as calculated in accordance with Accounting Standard

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 dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on exercise of stock option.

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

Particulars	For the Year ended 31st March	
	2018	2017
a. Net Profit after tax considered for the calculation of EPS (₹ in Lakhs)	**3,800**	8,783
b. Number of equity shares outstanding at the end of year	**137,308,081**	137,308,081
c. Weighted average number of equity shares used in computing earnings per equity share	**137,308,081**	137,308,081
d. Effects of dilution on account of Stock options granted under ESOS	**237,731**	-
e. Weighted average number of equity shares adjusted for the effect of dilution*	**137,545,812**	137,308,081
f. Earnings per share		
Basic (₹)	**2.77**	6.40
Diluted (₹)	**2.76**	6.40
g. Face value per equity share (₹)	**5.00**	5.00

* 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.

36. FAIR VALUE MEASUREMENTS

Financial instruments by category as at 31st March, 2018

(₹ in Lakhs)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	1
Loans	906	-	-
Trade receivables	29,093	-	-
Cash and cash equivalents	206	-	-
Other bank balances	313	-	-
Other financial assets excluding derivative assets	86	-	-
Derivative assets on forward exchange foreign contracts	-	46	-
Total	**30,604**	**46**	**1**
Financial liabilities			
Borrowings	7,239	-	-
Trade payables	35,775	-	-
Other financial liabilities	6,652	-	-
Total	**49,666**	**-**	**-**

Financial instruments by category as at 31st March, 2017

(₹ in Lakhs)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	1
Loans	973	-	-
Trade receivables	21,022	-	-
Cash and cash equivalents	952	-	-
Other bank balances	282	-	-
Other financial assets	28	-	-
Total	23,257	-	1
Financial liabilities			
Borrowings	11,114	-	-
Trade payables	16,349	-	-
Other financial liabilities excluding derivative liability	2,961	-	-
Derivative liabilities - foreign currency forward contracts	-	299	-
Total	30,424	299	-

Financial instruments by category as at 1st April, 2016

(₹ in Lakhs)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	-
Loans	969	-	-
Trade receivables	13,945	-	-
Cash and cash equivalents	266	-	-
Other bank balances	336	-	-
Other financial assets	32	-	-
Total	15,548	-	-
Financial liabilities			
Borrowings	9,824	-	-
Trade payables	13,647	-	-
Other financial liabilities excluding derivative liability	3,395	-	-
Derivative liability on foreign currency forward contracts	-	150	-
Total	26,866	150	-

The Company has not performed a fair valuation of its investment in unquoted ordinary shares, which are classified as FVTOCI (refer Note No. 7), as the Company believes that impact of change on account of fair value is insignificant.

Fair value hierarchy

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 31st March, 2018, 31st March, 2017 and 1st April, 2016.

Quantitative disclosures fair value measurement hierarchy for assets:

(₹ in Lakhs)

Particulars	Amount	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets / (Liability) measured at fair value through profit or loss				
Derivative Asset / (Liability) on account of forward exchange contracts				
Date of Valuation				
As at 31st March, 2018	**46**	**-**	**46**	**-**
As at 31st March, 2017	(299)	-	(299)	-
As at 1st April, 2016	(150)	-	(150)	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Derivative financial assets / (liability) are valued based on inputs that are directly or indirectly observable in the market.

Fair value of financial assets and financial liabilities measured at amortised cost :

The management believes that the fair values of non-current financial assets (e.g. loans and others), current financial assets (e.g., cash and cash equivalents, trade receivables, loans and others excluding other derivative assets) and current financial liabilities (e.g. trade payables and other payables excluding derivative liabilities) approximate their carrying amounts.

37 Financial instruments risk management objectives and policies

The Company's activities exposes it to market risks, credit risks and liquidity risks. In order to minimise any adverse effets on the financial performance of the Company , 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.

This note explains the source of risk which the entity is exposed to and how entity manages the risk in the financial statements

Risk	Exposure arising from	Risk Management Plan
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Diversification of bank deposits, credit limits and letter of credits.
Liquidity risk	Borrowings and other liabilities.	Availability of funded and non funded borrowing facilities.
Market risk – Foreign exchange	Recognised foreign currency borrowings, payables denominated in foreign currency, receivables denominated in foreign currency, firm commitments in foreign currency.	Forward foreign exchange contract, principal only swap, foreign currency options.
Market risk – Interest rate risk	Borrowings on account of working capital.	Entity continuously monitors interest rates on working capital borrowings at regular intervals and economises the transactions at the best possible rates drawn at the time of monitoring on the basis of comparative rates with various banks / institutions.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk viz. interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, trade and other payables, foreign exchange forward contracts, security deposit, trade and other receivables, deposits with banks.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2018 and 31st March, 2017. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

Company's activities expose it to variety of market risks, including effect of changes in foreign currency exchange rate and interest rate.

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 Company's interest bearing financial instruments are follows:

(₹ in Lakhs)

Particulars	**31st March, 2018**	31st March, 2017	1st April, 2016
Fixed rate borrowings			
Term loan from banks	**-**	-	1,000
Variable rate borrowings			
Loans repayable on demand	**7,239**	11,114	9,824

(₹ in Lakhs)

Particulars	**31st March, 2018**	31st March, 2017
Impact on profit before tax and pretax equity		
Increase by 50 basis points	**(36)**	(56)
Decrease by 50 basis points	**36**	56

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. Company transacts business in its functional currency i.e. Indian Rupee and in different foreign currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, where revenue or expense is denominated in a foreign currency. The Company manages its foreign currency risk by hedging foreign currency payables using foreign currency forward contracts or foreign currency options, principal only swaps etc. The Company 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:

(Currency in Lakhs)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Maturity Profile
As at 31st March, 2018				
Payables	**USD**	**104**	**6,754**	**Within 6 Months**
As at 31st March, 2017				
Payables	USD	108	7,329	Within 6 Months

Details of foreign currency exposures that are not hedged by derivative instruments or otherwise:

(Currency in Lakhs)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency
As at 31st March, 2018			
Payables	**USD**	**180**	**11,710**
	EURO	**7**	**578**
As at 31st March, 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 (₹ in Lakhs)	Effect on pre-tax equity (₹ in Lakhs)
For 31st March, 2018	**USD**	**+5%**	**(586)**	**(586)**
		-5%	**586**	**586**
	EURO	**+5%**	**(29)**	**(29)**
		-5%	**29**	**29**
For 31st March, 2017	USD	+5%	11	11
		-5%	(11)	(11)
	EURO	+5%	(0)	(0)
		-5%	0	0

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities such as primarily trade receivables and from its investing activities, including deposits with banks and financial institutions, cash and cash equivalent and other financial instruments.

a. Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit exposure risk is mainly influenced by class or type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data as well as futuristic information.The Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors.

The ageing of trade receivables at the reporting date that were not impaired are as follows :

(₹ in Lakhs)

Particulars	31st March, 2018	31st March, 2018	31st March, 2017	31st March, 2017	1st April, 2016	1st April, 2016
	Amount	Percentage	Amount	Percentage	Amount	Percentage
- Less than 90 days	28,221	97.00%	19,995	95.11%	12,723	91.24%
- 90 to 180 days	417	1.43%	856	4.07%	860	6.17%
- 180 to 365 days	427	1.47%	69	0.33%	192	1.38%
- above 365 days	28	0.10%	102	0.49%	170	1.22%
Total	29,093	100.00%	21,022	100.00%	13,945	100.00%

b. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with Company's policy. Investments of surplus funds are made only with approved counter parties. Company monitors rating, credit spreads and financial strength of its counter parties. Based on ongoing assessment Company adjust its exposure to various counter parties.

c. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. Company has access to banks, capital and money market across debt, equity and hybrids.

The table given below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	**On demand**	**Less than 3 months**	**3 to 12 months**	**Above 1 year**	**Total**
As at 31st March, 2018					
Borrowings	**7,239**	**-**	**-**	**-**	**7,239**
Trade payables	**30,667**	**1,462**	**3,641**	**5**	**35,775**
Any other financial liabilities	**6,652**	**-**	**-**	**-**	**6,652**
Total	**44,558**	**1,462**	**3,641**	**5**	**49,666**
As at 31st March, 2017					
Borrowings	11,114	-	-	-	11,114
Trade payables	14,547	1,671	111	20	16,349
Any other financial liabilities	3,260	-	-	-	3,260
Total	28,921	1,671	111	20	30,723
As at 1st April, 2016					
Borrowings	9,824	-	-	-	9,824
Trade payables	12,344	1,042	261	-	13,647
Any other financial liabilities	3,545	-	-	-	3,545
Total	25,713	1,042	261	-	27,016

Note : Company is not expecting to prepay any of its liabilities.

38. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2018, 31st March, 2017 and 1st April, 2016.

39. Disclosure pursuant to Ind-AS 19 Employee Benefits:

Defined contribution plan:

Contribution to the defined contribution plan recognised as expense are as under:

(₹ In Lakhs)

Particulars	**For the Year ended 31st March**	
	2018	2017
a. Employer's contribution to provident fund	**268**	246
b. Employer's contribution to superannuation fund	**20**	19

The Provident Fund contributions are remitted to the Regional Provident Fund Commissioner.

The Contribution on account of Superannuation is remitted to Life Insurance Corporation of India, who manages the Superannuation Fund.

40. Disclosure pursuant to Ind-AS 19 Employee Benefits:

Defined Benefit Plan:

The Employee Gratuity Fund Scheme is a Defined Benefit Plan. The present value of the obligation is based on the actuarial valuation using Projected Unit Credit Method.

(₹ In Lakhs)

Particulars	**Gratuity (Funded)**	
	For the Year ended 31st March	
	2018	2017
a. Asset and Liability		
Present Value of Obligation	**2,004**	1,736
Fair Value of Plan Assets	**1,860**	1,698
Surplus/ (Deficit)	**(144)**	(38)
b. Expenses Recognized During the period		
In income Statement	**114**	116
In Other Comprehensive Income	**93**	(38)
Total Expenses Recognized During the Period	**207**	78
c. Changes in the Present Value of Obligations (PVO)		
PVO at beginning of Period	**1,736**	1,629
Current Service Cost	**112**	101
Interest Expenses or Cost	**119**	127
Re-measurement (or actuarial) (Gain) / Loss arising from:		
change in Financial assumptions	**(94)**	121
experience Varience (i.e, actual experience vs assumptions)	**194**	(163)
Others	**-**	-

Particulars	Gratuity (Funded)	
	For the Year ended 31st March	
	2018	2017
Past Service Cost	**-**	-
Benefits paid	**(63)**	(79)
PVO at end of period	**2,004**	1,736
d. Bifurcation of Present Value of Obligation		
Current Liability (Short term)	**284**	38
Non-Current Liability (Long term)	**1,720**	1,698
Present Value of Obligation	**2,004**	1,736
e. Changes in Fair Value of Plan Assets		
Fair Value of Plan Assets as at the beginning	**1,698**	1,405
Investment income	**117**	112
Employer's Contribution	**101**	264
Employee's Contribution	**-**	-
Benefit Paid	**(63)**	(79)
Return on plan Assets, Excluding amount recognised in net interest expense	**7**	(4)
Acquisition Adjustment	**-**	-
Fair Value of Plan Assets at the end of period	**1,860**	1,698
f. Change in the effect of asset ceiling		
Effect of asset ceiling at the beginning	**-**	-
Interest Expense or cost (to the extent not recognized in net interest expense)	**-**	-
Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	**-**	-
Effect of Asset Ceiling at the End	**-**	-
g. Expenses Recognized in the Statement of Profit and Loss		
Current Service Cost	**112**	101
Past Service Cost	**-**	-
Loss/(Gain) on Settlement	**-**	-
Net interest cost/ (Income) on the net Defined Benefit Liability / (Asset)	**2**	15
Expenses Recognized in the income Statement	**114**	116
h. Effect on Other Comprehensive income		
Actuarial (gains) / losses		
change in Demographic Assumptions	**-**	-
change in financial Assumptions	**(94)**	121
Experience variance (i.e. Actual experience vs. assumptions)	**194**	(163)
others	**-**	-
Return on plan assets, excluding amount recognized in net interest expense	**(7)**	4
Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	**93**	(38)
i. Actuarial Assumptions		
Mortality (% of IALM 2006-08)	**100%**	100%
Discount Rate	**7.55%**	6.84%
Rate of increase in compensation	**7.00%**	7.00%
Withdrawal rates	**4.00%**	4.00%

Maturity Profile of defined benefit Obligation

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2018	2017
Expected cash flows over the next (Valued on Undiscounted basis):		
1 Year	**285**	31
2 to 5 years	**750**	649
6 to 10 years	**1,253**	462
More than 10 years	**1,242**	1,058

Sensitivity Analysis

(₹ In Lakhs)

Particulars	**31st March, 2018**		31st March, 2017	
Defined Benefit Obligation (Base)		**2,004**		1,736
	Decrease	**Increase**	Decrease	Increase
Discount Rate (- / + 1%)	**2,142**	**1,881**	1,860	1,625
(% Change compared to base due to sensitivity)	**7%**	**(6%)**	7%	(6%)
Salary Growth Rate (- / + 1 %)	**1,879**	**2,141**	1,625	1,857
(% Change compared to base due to sensitivity)	**(6%)**	**7%**	(6%)	7%
Attrition Rate (- / + 50% of attrition rates)	**2,000**	**2,008**	1,741	1,733
(% Change compared to base due to sensitivity)	**0%**	**0%**	0%	0%
Mortality Rate (- / + 10% of mortality rates)	**2,004**	**2,004**	1,736	1,736
(% Change compared to base due to sensitivity)	**0%**	**0%**	0%	0%

Major category of Fair Value of Plan Assets at the end of the year is as under:

Particulars	**As at 31st March, 2018**		As at 31st March, 2017	
	(₹ in Lakhs)	**Percent**	(₹ in Lakhs)	Percent
Balances in Current Accounts with scheduled Banks	**1**	**0.05**	1	0.06
Funds with Life Insurance Corporation of India	**1,859**	**99.95**	1,697	99.94
Total	**1,860**	**100.00**	1,698	100.00

41. Stock option scheme

KFIL Employee Stock Option Scheme – 2017:

The Company has introduced employee stock option scheme. This employee equity-settled compensation scheme is known as KFIL Employee Stock Option Scheme 2017 (“KFIL ESOS 2017”). The employee stock option scheme is approved and authorized by the Board of Directors. This scheme is designed to provide incentives to specified senior management employees who are in the employment of the company and director(s), whether whole time or otherwise, (other than promoters of the company, persons belonging to promoters group, independent directors and directors holding directly or indirectly more than 10 percent of the outstanding equity shares of the company). The specific employees to whom the options would be granted, and their eligibility criteria would be determined by the Nomination and Remuneration Committee.

Options granted under KFIL ESOS 2017 would vest after 1 (one) year but not later than 4 (four) years from the date of grant of such options. Options will be vested equally over four years. Vesting of options would be subject to continued employment with the Company and thus the options would vest essentially on passage of time. In addition to this, the Nomination and Remuneration Committee may also specify certain performance criteria subject to satisfaction of which the options would vest. Any option granted shall be exercisable according to the terms and conditions as determined by the Nomination and Remuneration Committee and as set forth in the Grant Letter. The exercise period shall be 3 (three) years from the date of vesting of options in case of employee is in continuation of employment. The vested options can be exercised by the employee any time within the exercise period, or such other shorter period as may be prescribed by the Nomination and Remuneration Committee from time to time and as set out in the Grant Letter. When exercisable, each option is convertible into one equity share. The options not exercised within the exercise period shall lapse and the employee shall have no right over such lapsed or cancelled options. The shares arising out of exercise of vested options shall not be subject to any lock-in period from the date of allotment of such shares under KFIL ESOS 2017.

Under the said scheme, Nomination and Remuneration Committee of the Board of Directors has granted 1,765,000 options on 3rd November, 2017 to its eligible employees.

Particulars	**As at 31st March, 2018***	
	Weighted average exercise price per share per option (₹)	**Number of options**
Opening Balance*	-	-
Granted during the year	50	1,765,000
Exercised during the year	-	-
Forfeited during the year	-	-
Closing Balance	50	1,765,000
Weighted average share price (₹) #		-

* As there is no ESOS in the comparative year, hence information is not presented.

Weighted average exercise price of shares is required to be disclosed, where share options are exercised during the period. As no options are exercised in the reporting period, information is not required to be disclosed.

There are no shares exercisable as at the end of 31st March, 2018.

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Particulars	**Grant date**	**Expiry date**	**Exercise price (₹)**	**Options outstanding as at 31st March, 2018**
Vesting 1	3rd November, 2017	3rd November, 2021	50	441,250
Vesting 2	3rd November, 2017	3rd November, 2022	50	441,250
Vesting 3	3rd November, 2017	3rd November, 2023	50	441,250
Vesting 4	3rd November, 2017	3rd November, 2024	50	441,250
Total				**1,765,000**
Weighted average remaining contractual life of the options outstanding at the end of the period				5.1 years

Fair value of the options granted:

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 3rd November, 2017.

Grant: KFIL ESOS, 2017	**Vesting date 3rd November**			
Grant Date: 3rd November, 2017 Exercise price ₹ 50	**2018**	**2019**	**2020**	**2021**
Input variables				
Share Price (₹)	83.30	83.30	83.30	83.30
Standard Deviation (Volatility)	41.56%	43.11%	43.28%	42.06%
Risk-free rate	6.52%	6.58%	6.69%	6.80%
Exercise price (₹)	50.00	50.00	50.00	50.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	3.61%	3.61%	3.61%	3.61%
Output				
Fair value of option (₹)	**37.35**	**39.05**	**40.07**	**40.34**

Rationale for principle variables used:

1. Time to maturity of options is the period of time 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.
2. The expected price volatility is based on the historic volatility, adjusted for any changes to future volatility due to publicly available information.

The Company has recorded employee share-based compensation expense amounting to ₹ 144 Lakhs in the financial year 2017-2018 for the options issued to the employees.

42. The disclosure required by Indian Accounting Standard (Ind-AS-37) "Provisions, Contingent Liabilities, Contingent Assets" are as follows:

(₹ in Lakhs)

Class of Provision	**Opening balance as on 1st April, 2017**	**Provisions for the year**	**Amounts used during the year**	**Closing balance as on 31st March, 2018**
Casting rejections	183	104	183	104

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.

43. Disclosures of transactions with Related Parties as required by Ind AS 24

Name of Related Party	**Nature of Relationship**
Kirloskar Industries Limited	Holding Company
Mr. R.V.Gumaste – Managing Director	Key Management Personnel
Mr. C.S.Panicker - Company Secretary	Key Management Personnel
Mr. R.S. Srivatsan - Chief Financial Officer	Key Management Personnel

(₹ In Lakhs)

	Name of related party and nature of relationship	Nature of transaction	2017-2018		2016-2017	
			Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A.	Holding Company					
	Kirloskar Industries Limited	Dividend	1,236	-	-	-
		Building rent paid	6	-	6	-
		Rent Deposit Receivable	-	2	-	2
B	Key management personnel					
	Mr. R.V.Gumaste - Managing Director	Dividend	2	-	-	-
		Compensation	277	-	442	-
		Compensation payable	-	157	-	332
	Mr. C.S. Panicker - Company Secretary	Compensation	70	-	62	-
		Compensation payable	-	5	-	5
	Mr. R.S. Srivatsan - Chief Financial Officer	Compensation	77	-	69	-
		Compensation payable	-	5	-	5
		Total Compensation	424		573	

Notes :

1. Outstanding amount carried in Balance Sheet does not include liability in respect of gratuity and leave encashment which is provided on actuarial basis for the Company as a whole.
2. Company has not made any Loans / Advances / Investments during the year to the Holding Company.

Compensation of key management personnel of the Company

(₹ In Lakhs)

Particulars	**For the Year ended 31st March**	
	2018	2017
Short term employee benefits	**392**	544
Post employment benefits	**32**	29
Other long term benefits	**-**	-
Termination benefits	**-**	-
Total	**424**	573

44. Contingent Liabilities and Commitments

(₹ In Lakhs)

Particulars	As at 31st March	
	2018	2017
Claims against the company not acknowledged as debt		
Central Excise and Customs	**32**	146
Service Tax	**294**	343
Income Tax	**2,091**	1,739
Sales Tax	**653**	654
Labour Matters to the extent quantifiable	**39**	37
Provident Fund Matters	**185**	185
Guarantees excluding financial guarantee		
Bank Guarantee	**1**	1
Capital and Other Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**11,274**	1,306

Note: In the opinion of the management the above legal matters when ultimately concluded will not have material effect on the results of the operations or the financial position of the Company.

45. C.I.F. value of imports and expenditure in foreign currencies:

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2018	2017
a. C.I.F. value of imports		
i. Capital goods	**857**	2,196
ii. Raw materials	**40,526**	17,723
iii. Spare parts	**211**	246
b. Expenditure in foreign currencies		
i. Interest	**260**	99
ii. Professional fee	**0**	12
iii. Others	**28**	183

46. TRANSITION TO IND AS

These financial statements, for the year ended 31st March, 2018, are the first financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with Indian GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable as at and for the year ended 31st March, 2018, together with the comparative period data as at and for the year ended 31st March, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1st April, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the Balance Sheet as at 1st April, 2016 and the financial statement as at and for the year ended 31st March, 2017.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has elected to apply the following exemptions:

a. Property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Indian GAAP financials as deemed cost at the transition date.

Exceptions applied

i. Estimates

Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

ii. Derecognition of financial asset

The Company has applied the derecognition requirement for financial assets under Ind AS 109 "Financial Instruments", prospectively for transactions occuring on or after 1st April, 2016.

Explanation of transition to Ind AS

An explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out in the following tables and notes that accompany the tables. The reconciliations include-

- equity reconciliation as at 1st April, 2016;
- equity reconciliation as at 31st March, 2017; and
- profit reconciliation for the year ended 31st March, 2017;

There are no material adjustments to the cash flow statements

In the reconciliations mentioned above, certain reclassifications have been made from Indian GAAP financial information to align with the Ind AS presentation.

Reconciliation of equity as previously reported under Indian GAAP to Ind AS

(₹ In Lakhs)

	Particulars	Notes	31st March, 2017			1st April, 2016		
			Indian GAAP	Effect of transition	Ind AS	Indian GAAP	Effect of transition	Ind AS
	ASSETS							
(1)	**Non-current assets**							
	Property, plant and equipment		56,998	-	56,998	54,602	-	54,602
	Capital work-in-progress		1,888	-	1,888	808	-	808
	Investment property		-	-	-	-	-	-
	Goodwill		-	-	-	-	-	-
	Other intangible assets		418	-	418	416	-	416
	Financial assets							
	Investments		1	-	1	-	-	-
	Loans		943	-	943	935	-	935
	Others		5	-	5	5	-	5
	Deferred tax assets (net)		-	-	-	-	-	-
	Other non-current assets		328	-	328	748	-	748
	Total non-current assets		60,581	-	60,581	57,514	-	57,514
(2)	**Current assets**							
	Inventories		12,186	-	12,186	9,298	-	9,298
	Financial assets							
	Investments		-	-	-	-	-	-
	Trade receivables	(e)	19,595	1,427	21,022	13,945	-	13,945
	Cash and cash equivalents		952	-	952	266	-	266
	Bank balances other than cash and cash equivalents		282	-	282	336	-	336
	Loans		30	-	30	34	-	34
	Others	(c)	85	(62)	23	72	(45)	27
	Current tax asset (net)		917	-	917	963	-	963
	Other current assets		2,558	-	2,558	2,751	-	2,751
	Total current assets		36,605	1,365	37,970	27,665	(45)	27,620
	TOTAL ASSETS		97,186	1,365	98,551	85,179	(45)	85,134

	Particulars	Notes	31st March, 2017			1st April, 2016		
			Indian GAAP	Effect of transition	Ind AS	Indian GAAP	Effect of transition	Ind AS
	EQUITY AND LIABILITIES							
	Equity							
	Equity share capital		6,865	-	6,865	6,865	-	6,865
	Other equity	(c)(d)	51,395	(3)	51,392	42,338	246	42,584
	Total equity		58,260	(3)	58,257	49,203	246	49,449
	Liabilities							
(1)	**Non-current liabilities**							
	Provisions		136	-	136	127	-	127
	Deferred tax liabilities (net)	(d)	8,048	(1)	8,047	7,444	(250)	7,194
	Total non-current liabilities		8,184	(1)	8,183	7,571	(250)	7,321
(2)	**Current liabilities**							
	Financial liabilities							
	Borrowings	(e)	9,687	1,427	11,114	9,824	-	9,824
	Trade payables		16,349	-	16,349	13,647	-	13,647
	Other financial liabilities	(c)	3,318	(58)	3,260	3,586	(41)	3,545
	Other current liabilities		981	-	981	782	-	782
	Provisions		407	-	407	566	-	566
	Current tax liabilities (net)		-	-	-	-	-	-
	Total current liabilities		30,742	1,369	32,111	28,405	(41)	28,364
	Total liabilities		38,926	1,368	40,294	35,976	(291)	35,685
	TOTAL EQUITY AND LIABILITIES		97,186	1,365	98,551	85,179	(45)	85,134

Reconciliation of profit as previously reported under Indian GAAP to Ind AS

(₹ In Lakhs)

	Particulars	Notes	Year ended 31st March, 2017		
			Indian GAAP	Effect of transition	Ind AS
(I)	Revenue from operations	(a)	113,265	14,411	127,676
(II)	Other income		534	-	534
(III)	Total income		113,799	14,411	128,210
(IV)	**Expenses**				
	Cost of materials consumed	(a)	60,154	14,411	74,565
	Purchases of Stock-in-Trade		-	-	-
	Changes in inventories of finished goods and work-in-progress		(1,482)	-	(1,482)
	Employee benefits expense	(b)	7,314	38	7,352
	Finance costs		1,054	-	1,054
	Depreciation and amortization expense		4,587	-	4,587
	Other expenses	(c)	30,025	-	30,025
	Total expense		101,652	14,449	116,101
(V)	**Profit / (Loss) before tax**		12,147	(38)	12,109
(VI)	**Tax expenses**				
	Current tax		3,233	-	3,233
	Tax pertaining to prior years		(301)	-	(301)
	MAT credit entilement		-	-	-
	Deferred tax	(d)	158	236	394

	Particulars	Notes	Year ended 31st March, 2017		
			Indian GAAP	Effect of transition	Ind AS
(VII)	**Profit (Loss) for the period**		9,057	(274)	8,783
(VIII)	**Other Comprehensive Income**				
A	Items that will not be reclassified to profit or loss	(b)	-	38	38
	Income tax relating to items that will not be reclassified to profit or loss	(d)	-	(13)	(13)
B	Items that will be reclassified to profit or loss		-	-	-
	Income tax relating to items that will be reclassified to profit or loss		-	-	-
(IX)	**Total Comprehensive Income for the period (comprising profit (loss) and Other Comprehensive Income for the period)**		9,057	(249)	8,808

Notes to the reconciliations:

(a) 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.

(b) Employee benefit expenses - actuarial gains and losses and return on plan assets

Under Indian GAAP, actuarial gains and losses and return on plan assets 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.

Actuarial gains and losses are recognised in other comprehensive income and transferred to retained earnings. Accordingly, this adjustment does not have any impact on equity.

(c) 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 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.

(d) 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 (c), wherever applicable.

(e) 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 1st April, 2016 in line with the first time adoption exemptions available under Ind AS 101.

47. RECENT ACCOUNTING PRONOUNCEMENTS

Standards issued but not yet effective

Ind AS 115 is effective for annual periods beginning on or after 1st April 2018. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry (with limited exceptions). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and contract liability balances between periods and key judgments and estimates. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the requirements of Ind AS 115 and does not expect the new guidance to have significant impact on the financial statements.

48. Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

As per our report of even date attached

For and on behalf of the Board of Directors

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

R.V.GUMASTE
Managing Director
DIN 00082829

Suhas Deshpande
Partner
Membership No. 031787

C.S.PANICKER
Company Secretary

R.S.SRIVATSAN
Chief Financial Officer

Pune, May 03, 2018

NOTES

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TEAR HERE

PROXY FORM

Name of the Company	:	Kirloskar Ferrous Industries Limited
CIN	:	L27101PN1991PLC063223
Registered Office	:	13, Laxmanrao Kirloskar Road, Khadki, Pune 411003 (Maharashtra) Tel No (020) 66084664 Fax No (020) 25813208 Email : investor@kfil.com Website : www.kfil.com

Name of the Member (s)
Registered address
Email ID
Folio No / DP ID and Client ID

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

1. Name : ……………………………………………………………………………………………..

   Address : ……………………………………………………………………………………………..

   Email ID : ……………………………………………………………………………………………..

   Signature : …………………………………………………, or failing him

2. Name : ……………………………………………………………………………………………..

   Address : ……………………………………………………………………………………………..

   Email ID : ……………………………………………………………………………………………..

   Signature : …………………………………………………, or failing him

3. Name : ……………………………………………………………………………………………..

   Address : ……………………………………………………………………………………………..

   Email ID : ……………………………………………………………………………………………..

   Signature : ……………………………………………………………………………………………..,

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 27th Annual General Meeting of the Company, to be held on Wednesday, the 25th day of July, 2018 at 12 Noon at the Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No	Particulars of Resolutions	Optional #	
		For	Against
Ordinary Business			
1	Adoption of the Financial Statements for the financial year ended on 31st March, 2018 and also the reports of the Auditors and the Board of Directors thereon.		
2	To declare Dividend on equity shares for the financial year 2017-2018.		
3	Re-appointment of Mr. A. N. Alawani, Director who retires by rotation.		
4	Ratification to the appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants as Auditors and to authorise the Board of Directors to fix their remuneration.		
Special Business			
5	Ratification of the remuneration of the Cost Auditors.		
6	Appointment of Mr. Mahesh Chhabria as a Director liable to retire by rotation.		
7	Approval to the re-appointment of Mr. Ravindranath Venkatesh Gumaste as the Managing Director for a term of five years with effect from 1st July, 2018 and terms of his remuneration.		
8	Re-appointment of Mr. A. R. Jamenis as Independent Director to hold office for a second term of two consecutive years upto 12th August, 2020.		

Signed this ...…… day of …...………….. 2018

Signature of Member : …………………………………

Signature of Proxy holder(s) : …………………………………

Affix Revenue Stamp

Notes :

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. **A Proxy need not be a member of the Company.**

3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10 percent of the total share capital of the Company carrying voting rights. A member holding more than 10 percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

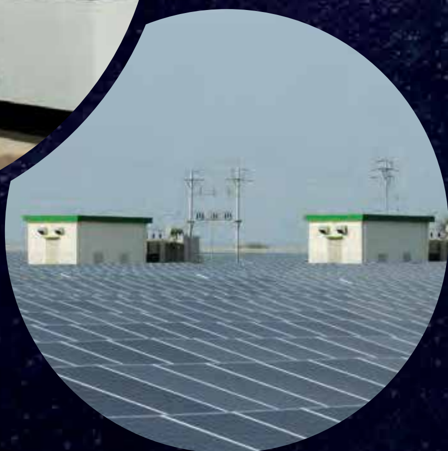
4. # This is only optional. Please put a ‘X’ in the appropriate column against the resolutions indicated in the Box. If you leave the ‘For’ or ‘Against’ column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.

5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

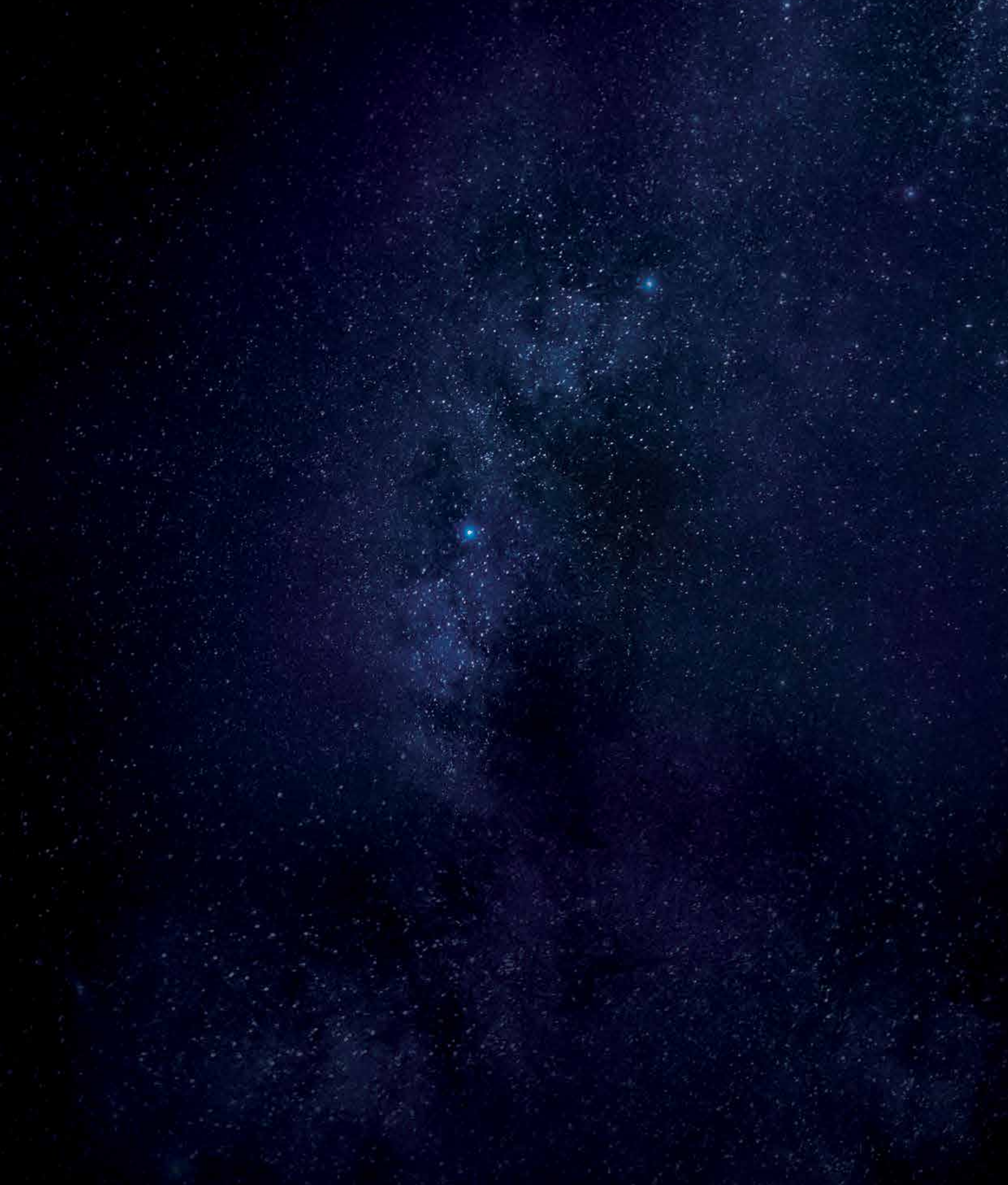
LPG Core Oven at Solapur Plant

De dusting equipments at Koppal plant

Machine Shop at Koppal Plant



Solar Plant at Solapur



Kirloskar

Enriching Lives

KIRLOSKAR FERROUS INDUSTRIES LIMITED

A Kirloskar Group Company

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