KIRLOSKAR 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.





Annual Report for the year ended on 31 March 2018

BOARD OF DIRECTORS

Mr. Atul Kirloskar	(DIN 00007387)	Chairman
Mr. Mahesh Chhabria	(DIN 00166049)	Managing Director
Ms. Aditi Chirmule	(DIN 01138984)	Executive Director
Mr. Nihal Kulkarni	(DIN 01139147)	Non-Executive Director
Mr. Anil Alawani	(DIN 00036153)	Non-Executive Director
Mr. Tejas Deshpande	(DIN 01942507)	Independent Director
Mr. Sunil Shah Singh	(DIN 00233918)	Independent Director
Mr. D. Sivanandhan	(DIN 03607203)	Independent Director
Mr. Ashit Parekh	(DIN 00821577)	Independent Director
Mr. Satish Jamdar	(DIN 00036653)	Additional Independent Director (co-opted w.e.f. 17 May 2018)
Mrs. Mrunalini Deshmukh	(DIN 07092728)	Additional Independent Director (co-opted w.e.f. 17 May 2018)
Mr. Vinesh Kumar Jairath	(DIN 00391684)	Additional Non-Executive Director (co-opted w.e.f. 14 June 2018)

CHIEF FINANCIAL OFFICER
Mrs. Jasvandi Deosthale

COMPANY SECRETARY
Mrs. Ashwini Mali

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

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

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

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

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

LOCATION OF WINDMILLS
Tirade Village, Tal. Akole, Dist. Ahmednagar

INFORMATION FOR SHAREHOLDERS
Annual General Meeting

Day & Date	:	Saturday, 11 August 2018
Time	:	11.30 a.m.
Venue	:	S.M. Joshi Socialist Foundation (S.M. Joshi Hall) S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030
Proposed Dividend	:	210% (₹ 21 per share of ₹ 10 each)
Date of Book Closure	:	6 August 2018 to 11 August 2018 (both days inclusive)

CONTENTS **PAGE NO.**

Decade at a Glance	02
Boards' Report	03
Report on Corporate Governance	40
Auditors' Report	57
Balance Sheet	64
Statement of Profit and Loss	65
Cash Flow Statement	66
Notes to the Accounts	68
Statement relating to Subsidiary Company	99
Consolidated Financial Statements	101

Decade at a Glance

(₹ in Millions)

Sr. No	Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10*	2008 -09
1	Net Sales (Windmill)	25	35	48	34	134	131	138	41	47	*21,100
2	Other Income	779	444	719	591	504	387	648	647	461	-
3	Profit Before Tax	588	375	684	543	541	430	692	602	422	1,805
4	Profit After Tax	530	288	603	451	467	361	675	553	387	1,159
5	Dividend Amount	2,039	1,942	****1,942	1,942	39	39	39	24	***291	194
6	Dividend (%)	210	200	****200	200	40	40	40	25	***75	50
7	Earning Per Share (₹)**	55	30	62	46	48	37	69	57	40	6
8	Book Value Per Share (₹)**	821	783	753	713	689	645	612	548	493	49
9	Share Capital	97	97	97	97	97	97	97	97	97	388
10	Reserves and Surplus	7,871	7,501	7,213	6,826	6,594	6,160	5,844	5,215	4,689	9,212
11	Shareholders' Funds	7,969	7,598	7,310	6,923	6,691	6,257	5,941	5,312	4,786	9,601
12	Loan Funds	-	-	-	-	-	-	-	-	-	3,490
13	Total Capital Employed	7,969	7,598	7,310	6,923	6,691	6,257	5,941	5,312	4,786	13,091
14	Gross Block	716	420	402	402	401	441	442	439	431	9,924
15	Net Block	410	130	122	130	142	205	237	265	288	6,730
16	Net Current Assets	569	786	490	835	678	792	560	581	299	1,959

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

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

*** Interim Dividend paid in February 2010.

**** Interim Dividend paid in March 2016.



Boards' Report for Financial Year 2017-18

To The Members,

The Directors have pleasure in presenting this 24th Annual Report with the Audited Annual Accounts of the Company for the year ended 31 March 2018.

I. FINANCIAL PERFORMANCE (STANDALONE):

(₹ in Lakhs)

Particulars	**2017-18**	2016-17
Total Income	**8,039.50**	4,796.60
Total Expenditure	**2,155.20**	1,050.27
Profit before exceptional items and taxation	**5,884.30**	3,746.33
Profit before taxation	**5,884.30**	3,746.33
Provision for tax (including Deferred Tax)	**586.12**	863.92
Net Profit	**5,298.18**	2,882.41
Balance of Profit / (Loss) from previous year	**42,749.65**	39,867.24
Dividend paid on equity shares for the Financial Year 2016-17	**1,941.73**	--
Tax on final dividend for the Financial Year 2016-17	**143.62**	--
Profit available for appropriation	**48,047.83**	42,749.65
Balance carried to Surplus in Statement of Profit and Loss	**45,962.48**	42,749.65

II. DIVIDEND:

Your Directors recommend 210 % dividend i.e., ₹ 21 per equity share of ₹ 10 each (Previous year final dividend 200%, i.e., ₹ 20 per equity share of ₹ 10 each) for the Financial Year ended 31 March 2018.

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

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

IV. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A. OPERATIONS OF THE COMPANY:

WINDMILLS:

The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Megawatt (MW). The windmills are located at Tirade Village, Tal. Akole, Dist. Ahmednagar. The windmills have generated net wind energy of 35 Lakh units of electricity in the year under review as against 49 Lakh units of electricity in the previous year showing decrease of 0.06% over the previous year.

During the year under review, generation of units from the windmills has gone down due to various reasons, viz., major break down of some Wind Energy Generators (WEGs), non-availability of timely maintenance due to internal issues of service provider.

The Company has terminated the Operation and Maintenance Agreement with existing service provider in the month of February 2018 and has appointed new service provider for the operation and maintenance of WEGs, instantaneously. During the year under review, the Company has taken necessary steps to rectify the break downs and has incurred one-time expenses of ₹ 105 Lakhs (₹ 83 Lakhs incurred up to 31 March 2018) for repairs of windmills till date. The Company is expected to make WEGs operational at full capacity at the earliest.

The Company is required to apply for Open Access Permission to Maharashtra State Electricity Distribution Company Limited (MSEDCL). Currently, the Company has the necessary Open Access Permission and is selling the wind power units generated to a third party consumer.

All WEGs are registered with the National Load Despatch Centre (NLDC) and are eligible for the Renewable Energy Certificates (RECs). During the year, the Company has sold 11,896 RECs as against 5,120 RECs in the previous year. This has resulted in revenue of ₹ 119 Lakhs (previous year ₹ 77 Lakhs) during the year. The Company was able to sell all RECs and there is no inventory of RECs as on 31 March 2018 (previous year 10,537 units).

Till the Company continues to sale energy as Green Energy to third parties, it will not be entitled to get RECs.

REAL ESTATE ACTIVITIES:

The Company owns some land parcels in Pune. To enable the Company to commence real estate activities, during the year the Company has amended the Main Object Clause of the Company.

The Board of Directors in its meeting held on 6 March 2018, approved the development of some land parcels owned by the Company at Kothrud, Pune. Accordingly, the Company commenced the process of obtaining various permissions from several Government Authorities.

OTHERS:

The Company owns lands and buildings thereon and apartments and offices in Pune, Bangalore, New Delhi and Jaipur. The Company has granted most of these lands and buildings and offices on leave and license basis to group and other companies which generated revenue of ₹ 3,238 Lakhs.

During the year under review, your Company made investments of ₹ 956 Lakhs in 97,600 equity shares of Kirloskar Pneumatic Company Limited (KPC). Pursuant to the said investment, the holding of the Company in KPC has increased to 10% as on 31 March 2018, from 9.24% as on 31 March 2017.

In order to improve returns, your Company has started investing surplus funds in liquid mutual funds and has investments of ₹ 4,423 Lakhs as on 31 March 2018, (previous year ₹ Nil).

Pursuant to the buyback of fully paid shares of Swaraj Engines Limited (SEL), your Company tendered 51,254 equity shares in the buyback offer. SEL accepted buyback offer of 45,651 equity shares of ₹ 10 each at the rate of ₹ 2,400 per equity share. The Company realized a gain of ₹ 1,092 Lakhs and the holding of the Company in SEL pursuant to this buyback has gone up from 17.39% to 17.44% as on 31 March 2018.

B. COMPANY PERFORMANCE:

During the year under review, your Company earned an income of ₹ 8,039 Lakhs (previous year ₹ 4,797 Lakhs).

In the year under review, the Company received dividend of ₹ 3,090 Lakhs declared by the investee companies for the Financial Year 2017-18.



The Profit Before Tax is at ₹ 5,884 Lakhs (previous year ₹ 3,746 Lakhs) after providing for depreciation of ₹ 158 Lakhs (previous year ₹ 100 Lakhs).

C. HUMAN RESOURCES:

As on 31 March 2018, the Company has 13 employees on its roll, including the Managing Director and the Executive Director.

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

Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017) was introduced in accordance with the SEBI guidelines for the employees of the Company. The KIL ESOP 2017 was administered by the Nomination and Remuneration Committee of the Board of Directors. The Company had obtained in-principle approval for the KIL ESOP 2017 from BSE Limited and the National Stock Exchange of India Limited on 23 February 2018.

During the year under review, the Company granted 2,26,862 stock options to identified employees with effect from 1 November 2017 at a price of ₹ 900 per option.

KIL ESOP 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 ("Employees Benefits Regulations") and other applicable Regulations, if any.

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

Details as required under Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, read with Regulation 14 of Employees Benifits Regulations, as on 31 March 2018, are set out in **'Annexure I'** to this Report and are available on the Company's website at www.kil.net.in.

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

The Board of Directors in its meeting held on 17 May 2018, considered and approved, subject to the approval of the members, to extend the exercise period from 1 year to 3 years which will be more beneficial to the interest of the employees. This will also help in employee retention.

Details of the proposal are mentioned in statement setting out the material facts annexed to the Notice of the ensuing Annual General Meeting.

E. CONCERNS AND THREATS:

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

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

The Company is evaluating concerns and threats relating to the development of some land parcels at Kothrud.

Following risks and concerns will apply to real estate business in general:

1. Market feasibility;
2. Environmental issues;
3. Delays in receiving approvals for development;
4. Timely completion of project;
5. Sales / leasing impacting the returns.

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

F. PROSPECTS:

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

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

G. INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY:

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

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

H. CAUTIONARY STATEMENT:

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

I. SEBI REGULATIONS AND LISTING FEES:

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

J. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS:

As on 31 March 2018, the Company has one subsidiary, i.e., Kirloskar Ferrous Industries Limited (KFIL).

The Board presents Audited Consolidated Financial Statements incorporating the duly Audited Financial Statements of KFIL and as prepared in compliance with the Company's Accounting Standard 21 as per the Company's (Accounting Standards) Amendment Rules, 2016, notified by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations).

Pursuant to Rule 5 of the Companies (Accounts) Rules, 2014, the Statement containing the salient feature of the Financial Statement of a Company's subsidiary and associate companies under the first proviso to



Sub-section (3) of Section 129 of the Companies Act, 2013, (the Act), in Form AOC – 1 is required to be enclosed to the Financial Statements.

The Consolidated Financial Statements prepared as per the applicable provisions and duly audited by the Statutory Auditors, are presented elsewhere in this Annual Report along with Form AOC – 1.

Further, the Company undertakes that the Annual Accounts of the Subsidiary Company and the related detailed information shall be made available to the members on demand, at any point of time. The Annual Accounts of the Subsidiary Company shall also be kept open for inspection by any member at the Registered Office of the Company.

BRIEF HIGHLIGHTS OF BUSINESSES OF SUBSIDIARY COMPANY:

KIRLOSKAR FERROUS INDUSTRIES LIMITED (KFIL):

KFIL is in the business of manufacturing of iron castings and has its manufacturing facilities at Bevinahalli Village in Karnataka and Solapur in Maharashtra.

The Board of Directors of KFIL has recommended a dividend of ₹ 1.25 (25%) per equity share (Previous year final dividend 35%, i.e., ₹ 1.75 per equity share of ₹ 5 each) for the Financial Year ended 31 March 2018.

KFIL achieved net sales of ₹ 1,72,387 Lakhs (previous year ₹ 1,27,676 Lakhs).

Profit Before Tax (PBT) for the year under review stood at ₹ 5,442 Lakhs, as compared to ₹ 12,109 Lakhs of previous year after providing for depreciation and amortisation. Also Profit After Tax (PAT) for the year under review stood at ₹ 3,800 Lakhs, as compared to ₹ 8,783 Lakhs of the previous year.

KFIL sold 3,06,303 MT of Pig Iron valued at ₹ 87,687 Lakhs during the Financial Year 2017-18, as compared to 2,53,495 MT of Pig Iron valued at ₹ 66,548 Lakhs in the previous year.

KFIL sold 82,922 MT castings aggregating to ₹ 71,909 Lakhs during the Financial Year 2017-18, as compared to 65,892 MT castings aggregating to ₹ 58,295 Lakhs in the previous year.

During the year under review, the operation of one mini blast furnace was suspended temporarily from 12 July 2017 to 15 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 KFIL 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.

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

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

1) KFIL is working on more value-added products to secure increased orders for machined castings from its customers by setting proper machining facilities with appropriate machines. 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 Financial Year 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 Financial Year 2019-2020.

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

1. EXTRACT OF ANNUAL RETURN:

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

2. NUMBER OF MEETINGS OF THE BOARD:

During the year under review, seven Board Meetings were convened and held, the details of which form part of Report on Corporate Governance. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

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 Financial Statements for the year ended 31 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 have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 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 in place and that the financial controls were adequate and were operating effectively; and

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

4. A STATEMENT ON DECLARATION BY THE INDEPENDENT DIRECTORS:

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

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

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



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

6. AUDITORS:

a. Statutory Auditors:

G. D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W), Pune, were appointed as the Statutory Auditors of the Company under Section 139 of the Companies Act, 2013, to hold the office for a second term of five years from the conclusion of the Annual General Meeting (AGM) held on 11 August 2016, till the conclusion of the AGM of the Company, to be held in the year 2021, subject to the ratification of the appointment by the members at every AGM.

Pursuant to the first proviso to Section 139 of the Companies Act, 2013, the appointment of the Statutory Auditors was required to be placed for ratification at every Annual General Meeting. The said proviso has been omitted by Ministry of Corporate Affairs (MCA) vide its Notification dated 7 May 2018, with immediate effect.

The Company has received an eligibility certificate from the Auditors.

b. Cost Auditors:

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company was not required to audit cost records relating to Electricity Industry (Windmills) for the Financial Year 2017-18. However, the Company was required to maintain cost records in Form CRA – 1. Accordingly, the Company has maintained cost records in Form CRA – 1.

c. Secretarial Auditors:

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 had appointed Mr. Mahesh J. Risbud, Practicing Company Secretary, (FCS 810 CP 185), Pune, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed as **'Annexure III'** to this Report.

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

There are no qualifications, reservations or adverse remarks or disclaimer made by the Statutory Auditors in their Audit Report or by the Practicing Company Secretary in the Secretarial Audit Report for the year ended 31 March 2018.

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

Your Company has not granted any loan or guarantee.

During the year under review, your Company made investments of ₹ 956 Lakhs in equity shares of Kirloskar Pneumatic Company Limited (KPC).

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

Pursuant to the provisions of Section 134 of the Companies Act, 2013, read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of all contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business. Hence, no particulars are being provided in Form AOC – 2. Related Party disclosures as per the Accounting Standard 18 have been provided in Note 33 to the Financial Statements.

10. STATE OF COMPANY'S AFFAIRS:

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

11. AMOUNTS PROPOSED TO BE CARRIED TO RESERVES:

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

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

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

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

A. Conservation of Energy and Technology Absorption:

The Company has no particulars to report regarding conservation of energy and technology absorption as required under Section 134(3)(m) of the Companies Act, 2013, read with Rules thereunder.

B. Foreign exchange earnings and outgo:

(₹ in Lakhs)

Particulars	Amount
Foreign exchange earnings	Nil
Foreign exchange Outgo	0.12

14. RISK MANAGEMENT POLICY:

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

15. CORPORATE SOCIAL RESPONSIBILITY:

The Company has been carrying out Corporate Social Responsibility (CSR) activities. These activities carried out in terms of Section 135 read with Schedule VII of the 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 IV'** to this Report.

16. BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the Regulations, the Board has carried out performance evaluation of its own performance and that of its committees and individual Directors.



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

Name and Registered Office of the Subsidiary Company	% Holding	Particulars	Amount (₹ in Lakhs)
Kirloskar Ferrous Industries Limited, 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003	51.45	Total Income	1,72,903
		Profit before tax	5,442
		Tax Expenses	1,642
		Profit for the year	3,800
		Other comprehensive income for the year	(61)
		Total comprehensive income for the period	3,739
		Profit brought forward from previous year	27,508
		Dividend paid on equity shares for F.Y. 2016-2017	(2,403)
		Tax on above Dividend for F.Y. 2016-2017	(489)
		Profit available for appropriation	28,355
		Transfer to General Reserves	500
		Balance carried to Surplus in Statement of Profit and Loss	27,855

Name and Registered Office of the Associate Company	% Holding	Particulars	Amount (₹ in Lakhs)
# Kirloskar Brothers Limited, Udyog Bhavan, Tilak Road, Pune 411 030	23.91	Total Income	62,040
		Total Expenditure	57,040
		Profit before exceptional items, finance cost and taxation	5,000
		Finance Cost	--
		Profit before taxation	5,000
		Provision for tax (including Deferred Tax)	1,750
		Net Profit	3,250
		Other Comprehensive Income	(10)
		Balance of Profit / (Loss) from previous year	Not available
		Dividend paid on equity shares for F.Y. 2016-2017	Not available
		Tax on above Dividend for F.Y. 2016-2017	Not available
		Profit available for appropriation	Not available
		Transfer to General Reserves	Not available
		Balance carried to Surplus in Statement of Profit and Loss	Not available

Note:

The Company does not have significant influence on Kirloskar Brothers Limited (KBL) as it does not participate in the management and / or financial decisions of KBL. As such KBL is not an Associate Company of the Company under the Accounting Standard 18 and as such its financials are not included in the Consolidated Financial Statements of the Company. Hence, the aforesaid information is obtained from the quarter and year ended financial results of KBL approved by its Board on 11 May 2018 and published on 12 May 2018.

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

Your Company is carrying on the business of Wind Power Generation.

To enable the Company to commence real estate activities, during the year the Company has amended the Main Object Clause of the Company.

On account of amendment in Memorandum of Association of the Company, the activity code has changed in the MCA record and accordingly the CIN has changed to L70100PN1978PLC088972.

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

Directors appointed / re-appointed during the year

Name of Director	Designation	Terms of appointment
Mr. Atul Kirloskar *	Chairman	Re-appointed with effect from 28 August 2017, subject to retirement by rotation.
Mr. D. Sivanandhan **	Independent Director	Five consecutive years commencing from 11 May 2017 up to 10 May 2021
Mr. Vinesh Kumar Jairath ***	Independent Director ****	Five consecutive years commencing from 4 July 2017 up to 3 July 2021
Mr. Ashit Parekh ***	Independent Director	Five consecutive years commencing from 4 July 2017 up to 3 July 2021

* Mr. Atul Kirloskar retired by rotation and was re-appointed in the Annual General Meeting held on 28 August 2017.

** Mr. D. Sivanandhan was co-opted as an Additional Independent Director with effect from 11 May 2017 and appointed in the Annual General Meeting held on 28 August 2017.

*** Mr. Vinesh Kumar Jairath and Mr. Ashit Parekh were co-opted as Additional Independent Directors with effect from 4 July 2017 and appointed in the Annual General Meeting held on 28 August 2017.

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

Key Managerial Personnel (KMP) appointed during the year

During the year under review, Mr. Mahesh Chhabria, Managing Director of the Company, has been appointed as Key Managerial Personnel of the Company.

20. DIRECTORS AND KEY MANAGERIAL PERSONNEL RESIGNED DURING THE YEAR 2017-18:

None



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

Mr. Nihal Kulkarni, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Company has also received the requisite disclosure / declaration from Mr. Nihal Kulkarni.

In accordance with the provisions of Section 161 of the Companies Act, 2013, read with the Articles of Association of the Company, the Board of Directors of the Company in its meeting held on 17 May 2018, co-opted Mr. Satish Jamdar and Mrs. Mrunalini Deshmukh as Additional Independent Directors, as recommended by the Nomination and Remuneration Committee.

These newly co-opted Directors hold office up to the date of the ensuing Annual General Meeting of the Company. The Company has received requisite notices under Section 160 of the Companies Act, 2013, in writing from a member signifying their intention to propose Mr. Satish Jamdar and Mrs. Mrunalini Deshmukh as candidates for the office of Directors at the ensuing Annual General Meeting. All of them are eligible for appointment.

The Company has also received the requisite disclosure / declaration from Mr. Satish Jamdar and Mrs. Mrunalini Deshmukh under Section 149 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

The Board of Directors of the Company in its meeting held on 14 June 2018, co-opted Mr. Vinesh Kumar Jairath as an Additional Non-Executive Director, as recommended by the Nomination and Remuneration Committee.

Mr. Vinesh Kumar Jairath holds office up to the date of the ensuing Annual General Meeting of the Company. The Company has received requisite notice under Section 160 of the Companies Act, 2013, in writing from a member signifying intention to propose Mr. Vinesh Kumar Jairath as candidate for the office of a Director at the ensuing Annual General Meeting. He is eligible for appointment.

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

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

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

None

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

None

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

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

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

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

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

26. COMPOSITION OF AUDIT COMMITTEE:

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

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

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

VII. VIGIL MECHANISM:

The Company has a Whistle Blower Policy / Vigil Mechanism ("the Policy") to deal with instances of fraud, unethical behavior, etc. The Policy provides a mechanism for directors and employees of the Company and other persons dealing with the Company to report genuine concerns including but not limited to unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct for Board of Directors and Senior Management or ethics policy or any other instance to the Chairman of the Audit Committee of the Board of Directors of the Company. The Policy is placed on the Company's website, viz., www.kil.net.in.

VIII. PREVENTION OF SEXUAL HARASSMENT POLICY:

The Internal Complaint Committee (the Committee) comprises of four members.

During the Financial Year under review, two meetings of the Committee were held on 4 October 2017 and 9 January 2018.

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

IX. CASH FLOW:

A Cash Flow Statement for the year ended 31 March 2018, is attached to the Balance Sheet as a part of the Financial Statements.

X. COMPLIANCES WITH RESPECT TO APPLICABLE SECRETARIAL STANDARDS

During the year under review, the Company has complied with all the applicable Secretarial Standards.



XI. CORPORATE GOVERNANCE:

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

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

MAHESH CHHABRIA
MANAGING DIRECTOR
DIN 00166049

ADITI CHIRMULE
EXECUTIVE DIRECTOR
DIN 01138984

Mumbai : 14 June 2018

ANNEXURE I TO THE BOARDS' REPORT

DISCLOSURES AS REQUIRED UNDER RULE 12(9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014, READ WITH REGULATION 14 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014, AS ON 31 MARCH 2018

A. 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

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 Statements.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the Regulations shall be disclosed in accordance with 'Accounting Standard 20 – Earnings Per Share' issued by ICAI or any other relevant Accounting Standards as prescribed from time to time

Diluted EPS of the Company is ₹ 54.56

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

i. Description of ESOS that existed at any time during the year

Sr. No.	Particulars	Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)
a.	Date of shareholders' approval	28 August 2017
b.	Date of grant	1 November 2017
c.	Total number of options approved under KIL ESOP 2017	4,85,000
d.	Vesting requirement	There shall be a minimum period of 1 year between grant of options and vesting of options. The options would vest over a maximum period of 3 years. Based on being in continued employment with the Company and if the Nomination and Remuneration Committee feels necessary, in certain or in all cases, specify certain performance parameters, i.e., corporate, individual or combination, subject to which options will vest.
e.	Exercise price or pricing formula	₹ 900 per option
f.	Source of shares	Primary
g.	Variation in terms of options	Nil

ii. Methods to account for ESOS

The Company is following fair value method for accounting of KIL ESOP 2017.



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

Not applicable.

iv. Options movement during the year:

Particulars	**Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)**
Number of options outstanding at the beginning of the period (Nos.)	Nil
Number of options granted during the year	2,26,862
Number of options forfeited / lapsed during year	4,044
Number of options vested during the year	Nil
Number of options exercised during the year	Nil
Number of shares arising as a result of exercise of options	Nil
Money realized by exercise of options (INR), if scheme is implemented directly by the Company	Nil
Number of options outstanding at the end of the year	2,22,818
Number of options exercisable at the end of the year	Nil

v. Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equal or exceeds or is less than the market price of the stock

Particulars	**Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)**
Weighted-average exercise prices	₹ 900 per share

vi. Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to:

a) Senior Managerial Personnel:

Name of employee	**Designation**	**No. of options granted during the year**	**Exercise price**
Mr. Mahesh Chhabria	Managing Director	95,000	900
Ms. Aditi Chirmule	Executive Director	48,540	900
Mrs. Jasvandi Deosthale	Chief Financial Officer	38,832	900
Mrs. Ashwini Mali	Company Secretary	24,270	900

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

Sr. No.	Name of Employee	No. of Options granted
1.	Mr. Mahesh Chhabria	95,000
2.	Ms. Aditi Chirmule	48,540
3.	Mrs. Jasvandi Deosthale	38,832
4.	Mrs. Ashwini Mali	24,270

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

Nil

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

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

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

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

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

Please refer Note 31 forming parts of the Financial Statements.



ANNEXURE II TO THE BOARDS' REPORT

FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN
AS AT FINANCIAL YEAR ENDED 31 MARCH 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	L70100PN1978PLC088972 (Changed with effect from 2 January 2018)
ii	Registration date	13 June 1978
iii	Name of the Company	Kirloskar Industries Limited
iv	Category / Sub-Category of the Company	Public Company / limited by shares
v	Address of the Registered Office and contact details	Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune 411 005 Tel.: +91(20) 2970 4374 TeleFax: +91(20) 2970 4374 E mail: investorrelations@kirloskar.com Website: www.kil.net.in
vi	Whether listed Company	Yes
vii	Name, address and contact details of the Registrar and Share Transfer Agent, if any	Link Intime India Private Limited 'Akshay' Complex, Block No. 202, 2nd Floor, Near Ganesh Temple, Off. Dhole Patil Road, Pune 411 001 Tel.: +91(20) 2616 1629 / 2616 0084 Fax: +91(20) 2616 3503 E mail: pune@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company stated below:

Sr. No.	Name and description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Windmill	400	7%

Due to major break down of some Wind Energy Generators (WEGs) and non-availability of timely maintenance due to internal issues of service provider, during the year under review, total turnover of the Company from windmill is less than 10%.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Kirloskar Ferrous Industries Limited, 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003	L27101PN1991PLC063223	Subsidiary	51.45	2(87)(ii)
2.	Kirloskar Brothers Limited, Udyog Bhavan, Tilak Road, Pune 411 002	L29113PN1920PLC000670	Associate	23.91	2(6)

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

i) Category-wise Share Holding:

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a. Individual / Hindu Undivided Family	70,51,534	Nil	70,51,534	72.63	70,51,534	Nil	70,51,534	72.63	Nil
b. Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Bodies Corporates	16,644	Nil	16,644	0.17	16,644	Nil	16,644	0.17	Nil
e. Bank / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f. Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A)(1):-	70,68,178	Nil	70,68,178	72.80	70,68,178	Nil	70,68,178	72.80	Nil
(2) Foreign									
a. Non Resident Indians – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. Bodies Corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Banks / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A)(2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	70,68,178	Nil	70,68,178	72.80	70,68,178	Nil	70,68,178	72.80	Nil
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	125	2,800	2,925	0.03	125	2,625	2,750	0.03	Nil
b. Banks / Financial Institutions	3,18,358	3,155	3,21,513	3.31	3,18,358	2,862	3,21,220	3.31	Nil
c. Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f. Insurance Companies	1,18,176	Nil	1,18,176	1.22	1,18,176	Nil	1,18,176	1.22	Nil



Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g. Foreign Institutional Investors	9,43,440	450	9,43,890	9.72	9,59,182	425	9,59,607	9.88	0.16
h. Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i. Others (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (1):-	13,80,099	6,405	13,86,504	14.28	13,95,841	5,912	14,01,753	14.44	0.16
2. Non – Institutions									
a. Body Corporates									
i. Indian	47,783	1,432	49,215	0.51	94,041	985	95,026	0.98	0.47
ii. Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 Lakh	8,15,233	1,84,853	10,00,086	10.30	7,89,193	1,44,386	9,33,579	9.61	(0.69)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	57,560	Nil	57,560	0.59	91,462	Nil	91,462	0.94	0.35
c. Others (Specify)									
i. IEPF	Nil	Nil	Nil	Nil	32,705	Nil	32,705	0.34	0.34
ii. Clearing members	82,482	Nil	82,482	0.85	10,384	Nil	10,384	0.11	(0.74)
iii. NRI (Repatriate)	7,675	3,101	10,776	0.11	6,841	2,890	9,731	0.10	(0.01)
iv. NRI (Non–Repatriate)	8,797	Nil	8,797	0.09	11,892	Nil	11,892	0.12	0.03
v. Trusts	3,830	Nil	3,830	0.04	2,236	Nil	2,236	0.02	(0.02)
vi. Foreign Nationals	491	Nil	491	0.01	513	Nil	513	0.01	Nil
vii. HUF	40,700	Nil	40,700	0.42	51,160	Nil	51,160	0.53	0.11
Sub-total (B)(2):-	10,64,551	1,89,386	12,53,937	12.92	10,90,427	1,48,261	12,38,688	12.76	(0.16)
Total Public Shareholding (B) = (B) (1) + (B)(2)	24,44,650	1,95,791	26,40,441	27.20	24,86,268	1,54,173	26,40,441	27.20	Nil
C. Shares held by custodian for GDRs and ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	95,12,828	1,95,791	97,08,619	100.00	95,54,446	1,54,173	97,08,619	100.00	Nil

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1.	Atul Kirloskar	16,35,300	16.84	0.00	16,35,300	16.84	0.00	Nil
2.	Rahul Kirloskar	16,21,688	16.70	0.00	16,21,688	16.70	0.00	Nil
3.	Sanjay Kirloskar	2,626	0.03	0.00	2,626	0.03	0.00	Nil
4.	Vikram Kirloskar	4,632	0.05	0.00	4,632	0.05	0.00	Nil
5.	Gautam Kulkarni *	16,30,386	16.79	0.00	0	0.00	0.00	(16.79)
6.	Pneumatic Holdings Limited **	200	0.00	0.00	0	0.00	0.00	0.00
7.	Mrinalini Kirloskar	5,856	0.06	0.00	5,856	0.06	0.00	Nil
8.	Suman Kirloskar	3,558	0.04	0.00	3,558	0.04	0.00	Nil
9.	Roopa Gupta	1,392	0.01	0.00	1,392	0.01	0.00	Nil
10.	Geetanjali Kirloskar	2	0.00	0.00	2	0.00	0.00	Nil
11.	Jyotsna Kulkarni *	7,26,798	7.49	0.00	23,57,184	24.28	0.00	16.79
12.	Arti Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	Nil
13.	Alpana Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	Nil
14.	Navsai Investments Private Limited	100	0.00	0.00	100	0.00	0.00	Nil
15.	Alpak Investments Private Limited	100	0.00	0.00	100	0.00	0.00	Nil
16.	Achyut & Neeta Holdings & Finance Private Limited	100	0.00	0.00	100	0.00	0.00	Nil
17.	Kirloskar Chillers Private Limited	16,144	0.17	0.00	16,144	0.17	0.00	0.00
18.	Kirloskar Pneumatic Company Limited **	0	0.00	0.00	200	0.00	0.00	0.00

Notes:

1. In case of joint holdings, the name of first holder is considered.
2. No shares of promoters have been pledged or encumbered as on 01.04.2017 or 31.03.2018 or during the year ended 31.03.2018.

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

** Pursuant to the Scheme of Arrangement and Amalgamation between Kirloskar Roadrailer Limited, Pneumatic Holdings Limited (PHL) and Kirloskar Pneumatic Company Limited (KPC) (approved by Hon'ble National Company Law Tribunal, Mumbai Bench, on 19 April 2017), PHL stands dissolved with effect from 28 April 2017. Hence 200 equity shares of ₹ 10 each are transferred in the name of KPC.



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

Sr. No.	Name of shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Atul Kirloskar**				
	At the beginning of the year (01.04.2017)	16,35,300	16.84	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	16,35,300	16.84
2.	**Rahul Kirloskar**				
	At the beginning of the year (01.04.2017)	16,21,688	16.70	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	16,21,688	16.70
3.	**Sanjay Kirloskar**				
	At the beginning of the year (01.04.2017)	2,626	0.03	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	2,626	0.03
4.	**Vikram Kirloskar**				
	At the beginning of the year (01.04.2017)	4,632	0.05	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	4,632	0.05
5.	**Gautam Kulkarni**				
	At the beginning of the year (01.04.2017)	16,30,386	16.79	-	-
	Decrease as on 29.12.2017 (Transmitted on account of demise of Mr. Gautam Kulkarni)	(16,30,386)	(16.79)	-	-
	At the end of the year (31.03.2018)	-	-	-	-
6.	**Mrinalini Kirloskar**				
	At the beginning of the year (01.04.2017)	5,856	0.06	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	5,856	0.06

Sr. No.	Name of shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	**Suman Kirloskar**				
	At the beginning of the year (01.04.2017)	3,558	0.04	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	3,558	0.04
8.	**Roopa Gupta**				
	At the beginning of the year (01.04.2017)	1,392	0.01	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	1,392	0.01
9.	**Geetanjali Kirloskar**				
	At the beginning of the year (01.04.2017)	2	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	2	0.00
10.	**Jyotsna Kulkarni**				
	At the beginning of the year (01.04.2017)	7,26,798	7.49	-	-
	Increase as on 29.12.2017 (16,30,386 equity shares transmitted on account of demise of Mr. Gautam Kulkarni)	16,30,386	16.79	23,57,184	24.28
	At the end of the year (31.03.2018)	-	-	23,57,184	24.28
11.	**Arti Kirloskar**				
	At the beginning of the year (01.04.2017)	7,09,648	7.31	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	7,09,648	7.31
12.	**Alpana Kirloskar**				
	At the beginning of the year (01.04.2017)	7,09,648	7.31	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	7,09,648	7.31



Sr. No.	Name of shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
13.	**Navsai Investments Private Limited**				
	At the beginning of the year (01.04.2017)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	100	0.00
14.	**Alpak Investments Private Limited**				
	At the beginning of the year (01.04.2017)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	100	0.00
15.	**Achyut & Neeta Holdings & Finance Private Limited**				
	At the beginning of the year (01.04.2017)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	100	0.00
16.	**Kirloskar Chillers Private Limited**				
	At the beginning of the year (01.04.2017)	16,144	0.17	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2018)	-	-	16,144	0.17
17.	**Pneumatic Holdings Limited**				
	At the beginning of the year (01.04.2017)	200	0.00	-	-
	Decrease as on 31.03.2018 (Transferred on account of Scheme between Kirloskar Roadrailer Limited, Pneumatic Holdings Limited and Kirloskar Pneumatic Company Limited)	(200)	(0.00)	-	-
	At the end of the year (31.03.2018)	-	-	-	-
18.	**Kirloskar Pneumatic Company Limited**				
	At the beginning of the year (01.04.2017)	-	-	-	-
	Increase as on 31.03.2018 (Transferred on account of Scheme between Kirloskar Roadrailer Limited, Pneumatic Holdings Limited and Kirloskar Pneumatic Company Limited)	200	0.00	200	0.00
	At the end of the year (31.03.2018)	-	-	200	0.00

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

Sr. No.	For each of top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**India Capital Fund Limited**					
	At the beginning of the year (01.04.2017)		9,43,439	9.72	-	-
	Increase as on 01.09.2017	Transfer	12,651	0.13	9,56,090	9.85
	Increase as on 08.09.2017	Transfer	2,277	0.02	9,58,367	9.87
	Increase as on 22.09.2017	Transfer	750	0.01	9,59,117	9.88
	At the end of the year (31.03.2018)		-	-	9,59,117	9.88
2.	**The Oriental Insurance Company Limited**					
	At the beginning of the year (01.04.2017)		1,42,251	1.47	-	-
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2018)				1,42,251	1.47
3.	**The New India Assurance Company Limited**					
	At the beginning of the year (01.04.2017)		1,19,997	1.24	-	-
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2018)				1,19,997	1.24
4.	**General Insurance Corporation of India**					
	At the beginning of the year (01.04.2017)		1,18,176	1.22	-	-
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2018)		-	-	1,18,176	1.22
5.	**National Insurance Company Limited**					
	At the beginning of the year (01.04.2017)		55,862	0.58	-	-
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2018)		-	-	55,862	0.58
6.	**Antique Stock Brocking Limited**					
	At the beginning of the year (01.04.2017)		47,074	0.48	-	-
	Decrease as on 30.06.2017	Transfer	(47,074)	(0.48)	-	-
	At the end of the year (31.03.2018)		-	-	-	-
7.	**Antique Securities Private Limited**					
	At the beginning of the year (01.04.2017)		-	-	-	-
	Increase as on 30.06.2017	Transfer	47,074	0.48	47,074	0.48
	Increase as on 25.08.2017	Transfer	2,926	0.04	50,000	0.52
	At the end of the year (31.03.2018)		-	-	50,000	0.52
8.	**Jagdish Amritlal Shah jointly with Shaunak Jagdish Shah and Jagruti Shaunak Shah**					
	At the beginning of the year (01.04.2017)		41,042	0.42	-	-
	Decrease as on 07.07.2017	Transfer	(483)	(0.00)	40,559	0.42
	Decrease as on 18.08.2017	Transfer	(494)	(0.01)	40,065	0.41
	At the end of the year (31.03.2018)		-	-	40,065	0.41



Sr. No.	For each of top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9.	**Arun Nahar**					
	At the beginning of the year (01.04.2017)		16,518	0.17	-	-
	Increase as on 09.06.2017	Transfer	2,462	0.03	18,980	0.20
	Increase as on 14.07.2017	Transfer	296	0.00	19,276	0.20
	At the end of the year (31.03.2018)		-	-	19,276	0.20
10.	**Jainam Share Consultants Private Limited**					
	At the beginning of the year (01.04.2017)		14,053	0.14	-	-
	Decrease as on 07.04.2017	Transfer	(66)	(0.00)	13,987	0.14
	Decrease as on 14.04.2017	Transfer	(79)	(0.00)	13,908	0.14
	Increase as on 21.04.2017	Transfer	351	0.01	14,259	0.15
	Decrease as on 28.04.2017	Transfer	(7)	(0.00)	14,252	0.15
	Increase as on 05.05.2017	Transfer	60	0.00	14,312	0.15
	Increase as on 12.05.2017	Transfer	164	0.00	14,476	0.15
	Increase as on 19.05.2017	Transfer	12	0.00	14,488	0.15
	Decrease as on 26.05.2017	Transfer	(91)	(0.00)	14,397	0.15
	Decrease as on 02.06.2017	Transfer	(190)	(0.00)	14,207	0.15
	Increase as on 09.06.2017	Transfer	100	0.00	14,307	0.15
	Increase as on 16.06.2017	Transfer	34	0.00	14,341	0.15
	Decrease as on 23.06.2017	Transfer	(53)	(0.00)	14,288	0.15
	Increase as on 30.06.2017	Transfer	2	0.00	14,290	0.15
	Decrease as on 07.07.2017	Transfer	(17)	(0.00)	14,273	0.15
	Decrease as on 14.07.2017	Transfer	(47)	(0.00)	14,226	0.15
	Decrease as on 21.07.2017	Transfer	(2,660)	(0.03)	11,566	0.12
	Decrease as on 28.07.2017	Transfer	(11,028)	(0.12)	538	0.00
	Increase as on 04.08.2017	Transfer	1,550	0.02	2,088	0.02
	Decrease as on 11.08.2017	Transfer	(22)	(0.00)	2,066	0.02
	Decrease as on 18.08.2017	Transfer	(24)	(0.00)	2,042	0.02
	Increase as on 21.08.2017	Transfer	10	0.00	2,052	0.02
	Increase as on 25.08.2017	Transfer	4	0.00	2,056	0.02
	Decrease as on 01.09.2017	Transfer	(60)	(0.00)	1,996	0.02
	Decrease as on 08.09.2017	Transfer	(30)	(0.00)	1,966	0.02
	Decrease as on 15.09.2017	Transfer	(1)	(0.00)	1,965	0.02
	Decrease as on 22.09.2017	Transfer	(1,964)	(0.02)	1	0.00
	Increase as on 29.09.2017	Transfer	3,309	0.03	3,310	0.03
	Decrease as on 06.10.2017	Transfer	(3,309)	(0.03)	1	0.00
	Increase as on 13.10.2017	Transfer	12	0.00	13	0.00
	Increase as on 20.10.2017	Transfer	16	0.00	29	0.00
	Decrease as on 27.10.2017	Transfer	(28)	(0.00)	1	0.00
	Increase as on 03.11.2017	Transfer	60	0.00	61	0.00
	Increase as on 10.11.2017	Transfer	205	0.00	266	0.00
	Increase as on 17.11.2017	Transfer	26	0.00	292	0.00
	Decrease as on 24.11.2017	Transfer	(257)	(0.00)	35	0.00
	Decrease as on 01.12.2017	Transfer	(35)	(0.00)	0	0.00

Sr. No.	For each of top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Increase as on 08.12.2017	Transfer	399	0.00	399	0.00
	Increase as on 15.12.2017	Transfer	15	0.00	414	0.00
	Decrease as on 22.12.2017	Transfer	(314)	(0.00)	100	0.00
	Increase as on 29.12.2017	Transfer	4,164	0.04	4,264	0.04
	Decrease as on 05.01.2018	Transfer	(4,193)	(0.04)	71	0.00
	Increase as on 12.01.2018	Transfer	40	0.00	111	0.00
	Decrease as on 19.01.2018	Transfer	(111)	(0.00)	0	0.00
	Increase as on 09.02.2018	Transfer	4	0.00	4	0.00
	Decrease as on 16.02.2018	Transfer	(4)	(0.00)	0	0.00
	Increase as on 23.02.2018	Transfer	55	0.00	55	0.00
	Increase as on 02.03.2018	Transfer	3,978	3.86	4,033	0.04
	Decrease as on 09.03.2018	Transfer	(4,033)	(0.04)	0	0.00
	Increase as on 23.03.2018	Transfer	5,251	0.05	5,251	0.05
	Decrease as on 31.03.2018	Transfer	(18)	(0.00)	5,233	0.05
	At the end of the year (31.03.2018)		-	-	5,233	0.05
11.	**IEPF 2017**					
	At the beginning of the year (01.04.2017)		-	-	-	-
	Increase as on 01.12.2017	Transfer	32,390	0.33	32,390	0.33
	Decrease as on 22.12.2017	Transfer	(32,390)	0.33	-	-
	At the end of the year (31.03.2018)		-	-	-	-
12.	**Investor Education and Protection Fund Authority Ministry of Corporate Affairs**					
	At the beginning of the year (01.04.2017)		-	-	-	-
	Increase as on 08.12.2017	Transfer	32,705	0.34	32,705	0.34
	At the end of the year (31.03.2018)		-	-	32,705	0.34
13.	**Shree Stockvision Securities Limited**					
	At the beginning of the year (01.04.2017)		11,888	0.12	-	-
	Increase as on 08.09.2017	Transfer	50	0.00	11,938	0.12
	Decrease as on 15.09.2017	Transfer	(50)	(0.00)	11,888	0.12
	At the end of the year (31.03.2018)		-	-	11,888	0.12

Notes:

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

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



(v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sr. No.	For each of the Directors	Shareholding at the beginning of the year (01.04.2017)		Shareholding at the end of the year (31.03.2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Atul Kirloskar, Chairman	16,35,300	16.84	16,35,300	16.84
2.	Mahesh Chhabria, Managing Director*	21,907	0.23	21,907	0.23
3.	Aditi Chirmule, Executive Director	Nil	Nil	Nil	Nil
4.	Nihal Kulkarni	Nil	Nil	Nil	Nil
5.	Anil Alawani	2,285	0.02	2,285	0.02
6.	Tejas Deshpande	Nil	Nil	Nil	Nil
7.	Sunil Shah Singh	Nil	Nil	Nil	Nil
8.	D. Sivanandhan**	NA	NA	Nil	Nil
9.	Vinesh Kumar Jairath***	NA	NA	Nil	Nil
10.	Ashit Parekh***	NA	NA	Nil	Nil

* Appointed as Managing Director with effect from 4 July 2017.

** Co-opted as an Additional Independent Director of the Company with effect from 11 May 2017 and subsequently, has been appointed as an Independent Director by the members at the Annual General Meeting held on 28 August 2017.

*** Co-opted as Additional Independent Directors of the Company with effect from 4 July 2017 and subsequently, have been appointed as Independent Directors by the members at the Annual General Meeting held on 28 August 2017.

Notes:

1. There is no purchase or sale of shares by Directors during the year.
2. NA represents Not Applicable.

Shareholding of Key Managerial Personnel (KMP):

Sr. No.	For each of the KMP	Shareholding at the beginning of the year (01.04.2017)		Shareholding at the end of the year (31.03.2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mahesh Chhabria, Managing Director	21,907	0.23	21,907	0.23
2.	Aditi Chirmule, Executive Director	Nil	Nil	Nil	Nil
3.	Jasvandi Deosthale, Chief Financial Officer	Nil	Nil	Nil	Nil
4.	Ashwini Mali, Company Secretary	Nil	Nil	Nil	Nil

V. INDEBTEDNESS:

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

None

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sr. No.	Particulars of Remuneration	Name of Managing Director / Whole-Time Director / Manager	
		Mahesh Chhabria, Managing Director *	Aditi Chirmule, Executive Director
		Amount in (₹)	Amount in (₹)
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1,40,92,631	57,47,856
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	1,29,132	21,600
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of profit - others, specify …..	1,10,00,000	20,00,000
5.	Others, please specify	Nil	Nil
	Total (A)	**2,52,21,763**	**77,69,456**
	Ceiling as per the Companies Act, 2013, excluding remuneration	**2,57,94,867**	**2,57,94,867**

Note:

Pursuant to KIL ESOP 2017, Mr. Mahesh Chhabria was granted 95,000 stock options with vesting period of one year and the same are exercisable by him accordingly to the terms of KIL ESOP 2017. Ms. Aditi Chirmule was granted 48,540 stock options with vesting period spread over 3 years and the same are exercisable by her according the terms of KIL ESOP 2017.

B. REMUNERATION TO OTHER DIRECTORS:

Amount in (₹)

Sr. No.	Name of Director	Particulars of remuneration			Total Amount in (₹)
		Fees for attending Board / Committee meetings	Commission	Others, please specify	
1.	**Independent Director**				
	Mahesh Chhabria #	30,000	45,000	Nil	75,000
	Tejas Deshpande	3,20,000	4,80,000	Nil	8,00,000
	Sunil Shah Singh	3,95,000	5,92,500	Nil	9,87,500
	D. Sivanandhan *	2,55,000	4,62,500	Nil	7,17,500
	Vinesh Kumar Jairath **	3,35,000	6,70,000	Nil	10,05,000



Sr. No.	Name of Director	Particulars of remuneration			Total Amount in (₹)
		Fees for attending Board / Committee meetings	Commission	Others, please specify	
	Ashit Parekh **	1,80,000	2,70,000	Nil	4,50,000
	Total (1)	**15,15,000**	**25,20,000**	**Nil**	**40,35,000**
2.	**Non-Executive Directors**				
	Atul Kirloskar	2,25,000	3,37,500	Nil	5,62,500
	Anil Alawani	3,30,000	6,60,000	Nil	9,90,000
	Nihal Kulkarni	3,00,000	4,50,000	Nil	7,50,000
	Total (2)	**8,55,000**	**14,47,500**	**Nil**	**23,02,500**
	Total (1+2)	**23,70,000**	**39,67,500**	**Nil**	**63,37,500**
	Total Remuneration to Directors				**63,37,500**
	Total Managerial Remuneration, excluding sitting fees				**39,67,500**
	Overall Ceiling as per the Companies Act, 2013, excluding sitting fees				**51,58,973**

i. Sitting fee amounting to ₹ 30,000 paid to Mr. Mahesh Chhabria, Managing Director of the Company, for the meetings attended by him in the capacity of Independent Director.

ii. Commission amounting to ₹ 45,000 to Mr. Mahesh Chhabria, Managing Director of the Company, in the capacity as an Independent Director upto 3 July 2017.

* Co-opted as an Additional Independent Director of the Company with effect from 11 May 2017 and subsequently, has been appointed as an Independent Director by the members at the Annual General Meeting held on 28 August 2017.

** Co-opted as Additional Independent Directors of the Company with effect from 4 July 2017 and subsequently, have been appointed as Independent Directors by the members at the Annual General Meeting held on 28 August 2017.

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

Sr. No.	Particulars of Remuneration	Jasvandi Deosthale, Chief Financial Officer	Ashwini Mali, Company Secretary	Total Amount in (₹)
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	22,77,600	12,53,880	35,31,480
	b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	Nil	Nil	Nil
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify …..	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total	**22,77,600**	**12,53,880**	**35,31,480**

Note:

Pursuant to KIL ESOP 2017, Mrs. Jasvandi Deosthale and Mrs. Ashwini Mali were granted 38,832 and 24,270 stock options respectively, with vesting period spread over 3 years and the same are exercisable by them according to the terms of KIL ESOP 2017.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

MAHESH CHHABRIA	**ADITI CHIRMULE**
MANAGING DIRECTOR	**EXECUTIVE DIRECTOR**
DIN 00166049	DIN 01138984

Mumbai : 14 June 2018



ANNEXURE III TO THE BOARDS' REPORT

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

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

To,
The Members, of
Kirloskar Industries Limited
Office No. 801, 8th Floor, Cello Platina,
Fergusson College Road, Shivajinagar,
Pune 411 005

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIRLOSKAR INDUSTRIES LIMITED**, (OLD CIN L29112PN1978PLC088972) (NEW CIN L70100PN1978PLC088972) hereinafter called the Company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 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 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 / amended by The Institute of Company Secretaries of India;

(ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (LODR/Listing Regulations), entered into by the Company with the BSE Limited and National Stock Exchange of India 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 (except the Board Meeting held on 6 March 2018, was convened at a shorter notice in compliance with the provisions of the Companies Act, 2013, Rules thereof and the Secretarial Standard 1) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.



I further report that, during the audit period there is following event / action having a major bearing on the Company's affairs:

By approval of members by postal ballot the Company has altered its Memorandum of Association by inserting object 4F for undertaking inter alia 'development of real estates' and has taken further actions to commence / implement the same.

Sd/-

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

Date: 17 May 2018
Place: Pune

ANNEXURE IV TO THE BOARDS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

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

1. **A brief outline of the Company's Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

   CSR activities are based on the CSR Policy. The Company's main focus is on education, environment and health.

   CSR policy is available on the website of the Company, viz., www.kil.net.in.

2. **The Composition of the CSR Committee:**

   a. Mr. Anil Alawani, Chairman

   b. Ms. Aditi Chirmule, Executive Director

   c. Mr. Sunil Shah Singh, Independent Director

3. **Average net profit of the Company for last three Financial Years:** ₹ 3,053.04 Lakhs

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** ₹ 61.06 Lakhs

5. **Details of CSR spent during the Financial Year:**

   (a) Total amount to be spent for the Financial Year: ₹ 61.06 Lakhs

   (b) Amount unspent, if any: Nil

   (c) Manner in which the amount spent during the Financial Year is detailed below:

(₹ in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programme (1) local area or other (2) specify the State and District where project or programme was undertaken**	**Amount outlay (budget) project or program wise**	**Amount spent on the projects or programme sub heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent direct or through implementing agency**
1	Madhavi Kapur Foundation – Aman Setu – My School Project	Promoting Education	District – Pune, Maharashtra	62.69	62.69	62.69	62.69 – Through Madhavi Kapur Foundation
	Total			**62.69**	**62.69**	**62.69**	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report: **NA**

7. The CSR Committee has hereby confirmed that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and Policy of the Company.

Sd/-
Aditi Chirmule
Executive Director
DIN 01138984

Sd/-
Anil Alawani
Chairman
CSR Committee
DIN 00036153



ANNEXURE V TO THE BOARDS' REPORT

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

Sr. No.	Particulars		
i.	The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year	**Name of Director**	**Ratio**
		Atul Kirloskar, Chairman	0.68
		Mahesh Chhabria, Managing Director *(Appointed w.e.f. 04.07.2017)*	30.78
		Aditi Chirmule, Executive Director	9.45
		Nihal Kulkarni	0.91
		Anil Alawani	1.20
		Tejas Deshpande	0.97
		Sunil Shah Singh	1.20
		D. Sivanandhan *(Appointed w.e.f. 11 May 2017)*	0.87
		Vinesh Kumar Jairath *(Appointed w.e.f. 4 July 2017)*	1.22
		Ashit Parekh *(Appointed w.e.f. 4 July 2017)*	0.55
ii.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year	**Name of Director / Chief Financial Officer / Company Secretary**	**Percentage Increase / (decrease) in the Remuneration**
		Atul Kirloskar, Chairman	144.57
		Mahesh Chhabria, Managing Director	Not applicable
		Aditi Chirmule, Executive Director	6.21
		Nihal Kulkarni	275.00
		Anil Alawani	52.31
		Tejas Deshpande	207.69
		Sunil Shah Singh	558.33
		D. Sivanandhan *(Appointed w.e.f. 11 May 2017)*	Not applicable
		Vinesh Kumar Jairath *(Appointed w.e.f. 4 July 2017)*	Not applicable
		Ashit Parekh *(Appointed w.e.f. 4 July 2017)*	Not applicable
		Jasvandi Deosthale	13.39
		Ashwini Mali	15.04
iii.	The percentage increase in the median remuneration of employees in the Financial Year	Nil	

Sr. No.	Particulars	
iv.	The number of permanent employees on the roll of Company	13 including Managing Director and Executive Director
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	18.95 % (on annualised basis) 0.39 % (on annualised basis) There are no exceptional circumstances for increase in the managerial remuneration.
vi.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	The Board affirms that the remuneration is as per the Nomination and Remuneration Policy of the Company.
vii.	Statement showing the name of top ten employees in terms of remuneration drawn and the name of every employee, who (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company. It shall also indicate: (i) Designation of the employee; (ii) remuneration received; (iii) nature of employment, whether contractual or otherwise; (iv) qualifications and experience of the employee; (v) date of commencement of employment; (vi) the age of such employee; (vii) the last employment held by such employee before joining the company; (viii) the percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of Sub-rule (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; (ix) whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager.	Refer Annexure A



Annexure A

Sr. No.	Particulars	
1.	**Name of the employee**	**Mr. Mahesh Chhabria**
2.	Designation	Managing Director
3.	Remuneration received (in ₹)	1,42,21,763
4.	Nature of employment, whether contractual or otherwise	Regular
5.	Qualification	B. Com, ACA
6.	Experience (Years)	30 years
7.	Date of commencement of employment	04.07.2017
8.	Age	54 years
9.	Last employment before joining the Company	Designation: Partner Name of the Company: Actis Advisers Pvt. Ltd.
10.	The percentage of equity shares held	0.22%
11.	whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director	No

For and on behalf of the Board of Directors

MAHESH CHHABRIA
MANAGING DIRECTOR
DIN 00166049

ADITI CHIRMULE
EXECUTIVE DIRECTOR
DIN 01138984

Mumbai : 14 June 2018

REPORT ON CORPORATE GOVERNANCE

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

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

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

2. BOARD OF DIRECTORS:

a. Composition of the Board:

The Board of Directors comprises ten Directors as on 31 March 2018.

The Composition of the Board is as under:

Category of Directors	**No. of Directors**
Executive	2
Non-Executive and Independent	5
Non-Executive and Non-Independent	3
Total	**10**

b. Number of Board Meetings:

During the Financial Year under review, seven meetings of the Board of Directors were held on 11 May 2017, 4 July 2017, 25 July 2017, 29 September 2017, 1 November 2017, 18 January 2018 and 6 March 2018.

c. Directors' attendance record and directorships held:

The information on composition of the Board, category of Directors, attendance of each Director at Board Meetings held during the Financial Year 2017-18 and the Annual General Meeting (AGM) held on 28 August 2017, Directorships and Committee positions in other public companies of which the Director is a Member / Chairman / Chairperson and the shareholding of Non-Executive Directors as at 31 March 2018, is as follows:

Sr. No.	Category of Director and Name of Director	Number of shares held by Non-Executive Directors	Number of Directorships held in other public limited companies *	Number of Committee positions held in other public limited companies **		Attendance at Meetings	
				Chairman / Chairperson	Member	Board	AGM
	Managing Director / Executive Director						
1.	Mahesh Chhabria, Managing Director $	NA	4	Nil	2	6	Present
2.	Aditi Chirmule, Executive Director	NA	Nil	Nil	Nil	6	Present
	Non-Executive and Non-Independent Directors						
3.	Atul Kirloskar ***	16,35,300	4	1	Nil	6	Present
4.	Nihal Kulkarni ***	Nil	3	Nil	1	6	Present
5.	Anil Alawani	2,285	1	Nil	2	6	Absent



Sr. No.	Category of Director and Name of Director	Number of shares held by Non-Executive Directors	Number of Directorships held in other public limited companies *	Number of Committee positions held in other public limited companies **		Attendance at Meetings	
				Chairman / Chairperson	Member	Board	AGM
	Non-Executive and Independent Director						
6.	Tejas Deshpande	Nil	Nil	Nil	Nil	7	Present
7.	Sunil Shah Singh	Nil	2	1	1	7	Present
8.	D. Sivanandhan #	Nil	7	1	3	6	Present
9.	Vinesh Kumar Jairath ##	Nil	8	2	6	6	Present
10.	Ashit Parekh ##	Nil	Nil	Nil	Nil	6	Present

Notes:

$ Appointed as Managing Director of the Company for a period of five years with effect from 4 July 2017.

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

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

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

Co-opted as an Additional Independent Director with effect from 11 May 2017 and further appointed as an Independent Director by the members at their Annual General Meeting held on 28 August 2017.

Co-opted as Additional Independent Directors with effect from 4 July 2017 and further appointed as Independent Directors by the members at their Annual General Meeting held on 28 August 2017.

None of the Directors on the Board is a member of more than 10 Committees and Chairperson of more than 5 Committees in all public limited companies whether listed or not, in which he is a director. All the Directors have made the requisite disclosures regarding committee positions held by them in other public limited companies.

As on 31 March 2018, none of the current Directors are related to each other within the meaning of Section 2(77) of the Companies Act, 2013 and Rules thereof.

d. Criteria for performance evaluation:

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

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

ii. interaction with Management;

iii. role and accountability of the Board; and

iv. knowledge and proficiency.

e. Meeting of Independent Directors:

The meeting of Independent Directors was held on Thursday, 18 January 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 the Managing Director, the Executive Director and Non-Executive Directors;

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

f. Familiarisation program for Independent Directors:

Independent Directors of the Company are made aware of their role, rights and responsibilities at the time of their appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement. Further copies of Code of Conduct and Policies adopted by the Board as per regulatory provisions are made available to Independent Director at the time of joining.

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

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

g. Code of Conduct:

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

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

h. Information supplied to the Board:

Among others, this includes:

i. review of annual operating plans of business, capital budgets, updates;

ii. quarterly results of the Company and its operating divisions or business segments;

iii. material important show cause, demand, prosecution and penalty notices;

iv. fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;

v. details of any joint venture or collaboration agreement;

vi. transactions that involve substantial payment towards goodwill, brand equity or intellectual property;

vii. significant labour problems and their proposed solutions;

viii. significant development in human resources and industrial relation fronts;

ix. non-compliance of any regulatory, statutory provision or listing requirements as well as shareholders service such as non-payment of dividend and delay in share transfer;

x. information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer or the Company Secretary.



3. AUDIT COMMITTEE:

a. Composition:

The Audit Committee (the Committee) comprises five Non-Executive Directors, majority of who are Independent.

During the Financial Year under review, seven meetings of the Committee were held on 11 May 2017, 4 July 2017, 25 July 2017, 29 September 2017, 1 November 2017, 18 January 2018 and 6 March 2018.

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

Sr. No.	Name of the Member Director	Category	Number of meetings attended
1.	Sunil Shah Singh* (Chairman)	Non-Executive Independent	7
2.	Tejas Deshpande	Non-Executive Independent	7
3.	D. Sivanandhan**	Non-Executive Independent	6
4.	Vinesh Kumar Jairath***	Non-Executive Independent	6
5.	Mahesh Chhabria****	Independent Director and Member of the Committee up to 3 July 2017	1
6.	Nihal Kulkarni	Non-Executive Non-Independent	6
7.	Anil Alawani	Non-Executive Non-Independent	6

* Appointed as the Chairman of the Committee with effect from 4 July 2017.

** Appointed as a member of the Committee with effect from 11 May 2017.

*** Appointed as a member of the Committee with effect from 4 July 2017.

**** Appointed as the Managing Director of the Company for a period of five years with effect from 4 July 2017, consequently, ceased to be the Chairman and member of the Committee, with immediate effect.

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

Mr. Sunil Shah Singh, Chairman of the Committee, was present at the Annual General Meeting of the Company held on Monday, 28 August 2017.

b. Terms of reference:

The terms of reference of the Audit Committee (the Committee) include, the matters specified under Regulation 18(3) read with Part C of Schedule II of the Regulations as well as those specified in Section 177 of the Companies Act, 2013 and *inter alia* includes the following:

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

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

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

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

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

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

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

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

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

   f) disclosure of any related party transactions;

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

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

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

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

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

9. Scrutiny of inter-corporate loans and investments.

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

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

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

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

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

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



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

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

18. Reviewing the functioning of the Whistle Blower mechanism.

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

20. Mandatorily reviewing the following information:

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

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

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

    D. Internal Audit Reports relating to internal control weaknesses;

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

    F. statement of deviations:

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

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

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

c. Powers of the Audit Committee:

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

4. NOMINATION AND REMUNERATION COMMITTEE:

a. Composition:

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

During the Financial Year under review, three meetings of the Committee were held on 11 May 2017, 4 July 2017 and 1 November 2017.

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

Sr. No.	Name of the Member Director	Category	Number of meetings attended
1.	Vinesh Kumar Jairath* (Chairman)	Non-Executive Independent	2
2.	Mahesh Chhabria**	Independent Director and Member of the Committee up to 3 July 2017	1
3.	Sunil Shah Singh	Non-Executive Independent	3
4.	Atul Kirloskar	Non-Executive Non-Independent	3
5.	Anil Alawani	Non-Executive Non-Independent	3

* Appointed as a member and the Chairman of the Committee with effect from 4 July 2017.

** Appointed as the Managing Director of the Company for a period of five years with effect from 4 July 2017, consequently, ceased to be the Chairman and member of the Committee, with immediate effect.

b. Terms of reference:

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

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

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

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

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

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

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

c. Remuneration to Directors:

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

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the Managing Director and the Executive Director. The commission to the Managing Director and the Executive Director is recommended by the Nomination and Remuneration



Committee on determination of the profits for the Financial Year and based on the performance evaluation of the Managing Director and the Executive Director, also approved by the Board of Directors. The remuneration to the Managing Director and the Executive Director is in accordance with the provisions of the Companies Act, 2013 and Rules thereof and within ceiling prescribed thereunder.

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

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

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

Details of the remuneration paid to Directors during the Financial Year 2017-18:

Sr. No.	Name of Director	Basic Salary	Allowances	Perquisites and Other Benefits	Sitting Fees	Commission	Total
	Managing Director / Executive Director						
1.	Mahesh Chhabria, Managing Director #	87,09,677	17,41,935	37,70,151	30,000*	1,10,45,000*	2,52,96,763
2.	Aditi Chirmule, Executive Director	36,66,774	--	21,02,682	NA	20,00,000	77,69,456
	Non-Executive Director						
3.	Atul Kirloskar	--	--	--	2,25,000	3,37,500	5,62,500
4.	Nihal Kulkarni	--	--	--	3,00,000	4,50,000	7,50,000
5.	Anil Alawani	--	--	--	3,30,000	6,60,000	9,90,000
6.	Sunil Shah Singh	--	--	--	3,95,000	5,92,500	9,87,500
7.	Tejas Deshpande	--	--	--	3,20,000	4,80,000	8,00,000
8.	D. Sivanandhan **	--	--	--	2,55,000	4,62,500	7,17,500
9.	Vinesh Kumar Jairath ***	--	--	--	3,35,000	6,70,000	10,05,000
10.	Ashit Parekh ***	--	--	--	1,80,000	2,70,000	4,50,000
	TOTAL	**1,23,76,451**	**17,41,935**	**58,72,833**	**23,70,000**	**1,69,67,500**	**3,93,28,719**

Notes:

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

Appointed as Managing Director of the Company for a period of five years with effect from 4 July 2017.

* i. Sitting fee amounting to ₹ 30,000 paid to Mr. Mahesh Chhabria, Managing Director of the Company, for the meetings attended by him in the capacity of Independent Director.

ii. Commission amounting to ₹ 45,000 to Mr. Mahesh Chhabria, Managing Director of the Company, in the capacity as an Independent Director upto 3 July 2017.

** Co-opted as an Additional Independent Director with effect from 11 May 2017 and further appointed as an Independent Director in the Annual General Meeting held on 28 August 2017.

*** Co-opted as Additional Independent Directors with effect from 4 July 2017 and further appointed as Independent Directors in the Annual General Meeting held on 28 August 2017.

Employee Stock Options granted to the Managing Director and the Executive Director during the Financial Year 2017-18

1. During the year 2017-18, Mr. Mahesh Chhabria, Managing Director of the Company, was granted 95,000 options as on 1 November 2017, pursuant to the Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017) at an exercise price of ₹ 900 per equity share. The said shares shall vest at the end of the year from the date of the options granted.

   The first vesting is exercisable within a period of one year from the date of vesting.

   The following is the summary of options granted to Mr. Mahesh Chhabria, Managing Director of the Company:

Particulars	**No. of shares**
Options granted	95,000
Options vested	Nil
Options cancelled	Nil
Options lapsed	Nil
Options exercised	Nil

2. During the year 2017-18, Ms. Aditi Chirmule, Executive Director of the Company, was granted 48,540 options as on 1 November 2017, pursuant to KIL ESOP 2017, at an exercise price of ₹ 900 per equity share. The said shares shall vest as follows:

   a. At the end of first year from the grant date: 1/3rd of total options granted;

   b. At the end of second year from the grant date: 1/3rd of total options granted;

   c. At the end of third year from the grant date: 1/3rd of total options granted.

The first vesting is exercisable within a period of one year from the date of vesting.

The following is the summary of options granted to Ms. Aditi Chirmule, Executive Director of the Company:

Particulars	**No. of shares**
Options granted	48,540
Options vested	Nil
Options cancelled	Nil
Options lapsed	Nil
Options exercised	Nil



5. SHARE TRANSFER CUM SHAREHOLDERS' / INVESTORS' GRIEVANCE AND STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Company has a Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee (the Committee), which comprises three Directors, viz., Mr. Anil Alawani, Non-Independent Director, Ms. Aditi Chirmule, Executive Director and Mr. Sunil Shah Singh, Independent Director. Mr. Anil Alawani acts as a Chairman of the Committee.

The Committee has been constituted to look into investors' complaints like transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc. and redressal thereof.

During the Financial Year under review, one meeting of the Committee was held on 1 November 2017. All the Committee members attended the said meeting.

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

The Compliance Officer can be contacted at:

Kirloskar Industries Limited

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

Fergusson College Road, Shivajinagar,

Pune 411 005

Tel.: +91(20) 2970 4374; Tele Fax: +91(20) 2970 4374

E mail: Ashwini.Mali@kirloskar.com

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

The total number of complaints received and redressed during the year ended 31 March 2018, was 4 and there was no complaint pending as on 31 March 2018.

The Company had no share transfer requests pending as on 31 March 2018.

6. DETAILS OF GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Type of Meeting	Venue	Special Resolutions passed
2016-17	28 August 2017	11.00 a.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	Approval to the introduction and implementation of Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017) and authorising the Board of Directors of the Company to create, offer and grant from time to time, in one or more tranches, not exceeding 4,85,000 equity shares of ₹ 10 each as an Employee Stock Options.
2015-16	11 August 2016	11.30 a.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	-
2014-15	28 August 2015	11.00 a.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	-

RESOLUTIONS PASSED BY POSTAL BALLOT

During the Financial Year 2017-18, the Company approached the members through postal ballots, in November 2017. A snapshot of the voting results of the said postal ballot is as under:

Date of postal ballot Notice	1 November 2017
Voting period	15 November 2017 at 9:00 a.m. to 14 December 2017 at 5:00 p.m.
Name of the Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner and in accordance with the Companies (Management and Administration) Rules, 2014	Mr. Mahesh J. Risbud, Practicing Company Secretary
Date of declaration of result	19 December 2017

Resolution	**Type of Resolution**	**E-voting**		**Postal Ballot**		**Total**		**Result**
		For	**Against**	**For**	**Against**	**For**	**Against**	
Alteration of Clause 3A of the Main Object Clause of the Memorandum of Association of the Company, by insertion of new Clause 4F, after existing Clause 4E	Special	54,31,115	12	27,040	196	54,58,155	208	Passed with requisite majority

7. OTHER DISCLOSURES:

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

i. Related Party Transactions:

During the Financial Year under review, there was no materially significant related party transaction made by the Company as defined in Regulation 23 of the Regulations that may have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in Note 33 to the Financial Statements in the Annual Report.

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

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

iii. Whistle Blower Policy / Vigil Mechanism:

The Board of Directors has adopted a Whistle Blower Policy / Vigil Mechanism ('the Policy'). This Policy has provided a mechanism for Directors and Employees of the Company and other persons dealing with the Company to report genuine concerns including but not limited to unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct for Board of Directors and Senior Management (the Code) or ethics policy or any other instance, to the Chairman of the Audit Committee. The Policy has also been uploaded on the website of the Company, viz., www.kil.net.in.

iv. Policy for determining 'material' subsidiaries:

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



v. Related Party Transactions Policy:

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

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

8. DISCRETIONARY REQUIREMENTS:

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

1. Shareholder Rights:

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

2. Modified opinion in Audit Report:

The Company already is in the regime of un-qualified Financial Statements. There are no modified audit opinions on the Financial Statements of the Company for the year ended 31 March 2018, made by the Statutory Auditors in their Audit Report.

9. OTHER REQUIREMENTS:

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

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

In compliance with Clause 5AII-(h), details of unclaimed shares as on 31 March 2018, are as follows:

Sr. No.	Particulars	No. of members	No. of Shares
1.	Aggregate number of members and the outstanding shares considered to be transferred to the Unclaimed Suspense Account at the beginning of the year	1,985	37,482
2.	Number of members who approached the Company for transfer of shares from shares considered to be transferred to the Unclaimed Suspense Account	27	1,414
3.	Number of members to whom shares were transferred from shares considered to be transferred to the Unclaimed Suspense Account during the period from 01.04.2017 to 31.03.2018	12	1,414
4.	Aggregate number of members and the outstanding shares considered to be transferred to the Unclaimed Suspense Account at the end of the year	1,958	34,916

2. Cost Audit Report:

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company was not required to audit cost records relating to Electricity Industry (Windmills) for the Financial Year 2017-18. However, the Company was required to maintain cost records in Form CRA - 1. Accordingly, the Company has maintained cost records in Form CRA – 1.

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

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

11. MEANS OF COMMUNICATION:

a. Quarterly results:

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

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

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

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

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

12. GENERAL INFORMATION FOR SHAREHOLDERS:

a. Annual General Meeting:

Corporate Identification Number (CIN)	L70100PN1978PLC088972 (*changed w.e.f. 2 January 2018*)
Annual General Meeting	Day and Date : Saturday, 11 August 2018 Time : 11.30 a.m. Venue : S.M. Joshi Socialist Foundation (S.M. Joshi Hall) S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030
Book Closure	Monday, 6 August 2018 to Saturday, 11 August 2018, (both days inclusive)
Dividend Payment Date	On or before 17 August 2018
Last date of receipt of proxy forms	Thursday, 9 August 2018
Financial Year 2017-18	During the year, the financial results were announced as under: First quarter : 25 July 2017 Second quarter : 1 November 2017 Third quarter : 18 January 2018 Annual : 17 May 2018
International Security Identification Number (ISIN)	INE 250A1039
BSE Limited (BSE)	500243
National Stock Exchange of India Limited (NSE)	KIRLOSIND
Payment of annual listing fees	The annual listing fees have been paid to BSE and NSE.
Designated email address for investor services	investorrelations@kirloskar.com



b. Shareholding Pattern as on 31 March 2018:

Sr. No.	Category	No. of shares	% of Shareholding
1.	Promoters	70,68,178	72.80
2.	Mutual Funds / UTI	2,750	0.03
3.	Banks / Financial Institutions and Insurance Companies	4,39,396	4.52
4.	Other Bodies Corporates	95,026	0.98
5.	Foreign Institutional Investors	425	0.00
6.	Foreign Portfolio Investors	9,59,182	9.88
7.	Clearing Members	10,384	0.11
8.	NRI	21,623	0.22
9.	Trusts	2,236	0.02
10.	Foreign Nationals	513	0.01
11.	Hindu Undivided Family	51,160	0.53
12.	Government Companies	32,705	0.34
13.	General Public	10,25,041	10.56
	TOTAL	**97,08,619**	**100.00**

c. Distribution of Shareholding as on 31 March 2018:

Shareholding of nominal value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In ₹	% to Total
(1)		(2)	(3)	(4)	(5)
Up to	5,000	16,817	97.88	52,40,030	5.40
5,001	10,000	192	1.12	14,22,870	1.46
10,001	20,000	78	0.45	10,93,250	1.13
20,001	30,000	39	0.23	9,68,420	1.00
30,001	40,000	10	0.06	3,50,570	0.36
40,001	50,000	7	0.04	3,17,220	0.33
50,001	1,00,000	19	0.11	12,81,030	1.31
1,00,001 and above		19	0.11	8,64,12,800	89.01
TOTAL		**17,181**	**100.00**	**9,70,86,190**	**100.00**

Dematerialisation of shares and liquidity (as on 31 March 2018)	95,54,446
Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any convertible instruments.

Commodity price risk or foreign exchange risk and hedging activities:

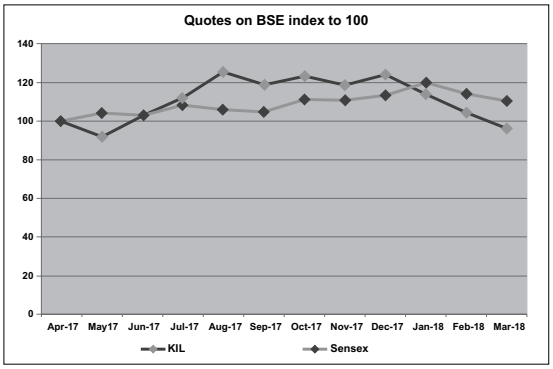
Not applicable

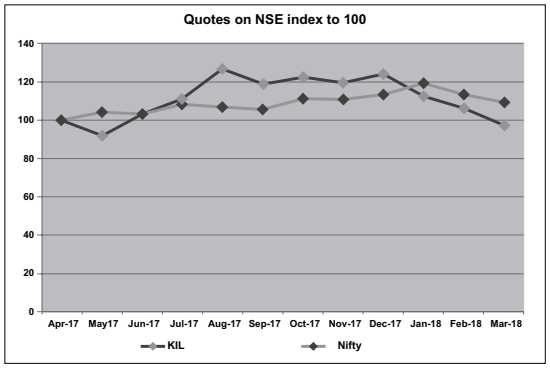
d. Market Price Data:

Monthly high / low during the year 2017-18, on the BSE and NSE are as under:

Stock Exchange	BSE		NSE	
Month	**High (₹)**	**Low (₹)**	**High (₹)**	**Low (₹)**
April 2017	1,621.90	1,070.05	1,606.30	1,050.00
May 2017	1,405.00	1,108.25	1,420.00	1,086.60
June 2017	1,492.50	1,099.95	1,499.00	1,102.25
July 2017	1,420.00	1,252.20	1,419.95	1,216.05
August 2017	1,671.00	1,326.00	1,689.00	1,330.05
September 2017	1,630.00	1,439.20	1,636.70	1,430.00
October 2017	1,580.00	1,445.00	1,599.00	1,430.00
November 2017	1,666.00	1,360.00	1,700.00	1,345.00
December 2017	1,579.95	1,400.00	1,574.10	1,400.00
January 2018	1,569.95	1,355.00	1,558.00	1,360.00
February 2018	1,351.05	1,160.00	1,394.90	1,148.00
March 2018	1,339.00	1,172.50	1,370.00	1,160.00

e. Performance of monthly close price of the Company's Scrip on the BSE and NSE as compared to the monthly close S&P Sensex and S&P CNX Nifty for the year 2017-18:





f. Share Transfer System:

a. The applications for transfer of shares lodged at the Company's Registrar and Share Transfer Agent (the R&T Agent) in physical form are processed within 15 days of receipt of the documents valid and complete in all respects. After such processing, the R&T Agent will issue share certificate to the concerned member within 15 days of receipt of certificate for transfer. Shares under objection are returned within a stipulated period of time. The transfer applications are approved periodically by the Directors / Key Managerial Personnel of the Company.

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

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

The Company entrusted the entire work of the Company, relating to equity shares held in physical form and processing of all physical transfers, to Link Intime India Private Limited, a SEBI Registered R & T Agent.



The contact details are as follows:

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

d. Member References:

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

  Members holding shares in the physical form are informed that as per SEBI's guidelines, it is mandatory to furnish copy of PAN Card in the following cases:

  a) Transferees' and Transferors' PAN Cards for transfer of shares,
  b) Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,
  c) Legal heirs' PAN Cards for transmission of shares,
  d) Joint holders' PAN Cards for transposition of shares.

- **E mail Address:**

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

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

- **Dematerialisation of shares:**

  Members are requested to dematerialise their physical shareholdings through any of the nearest Depository Participants (DPs) in order to avoid hassles involved with physical shares such as possibility of loss / mutilation of share certificate(s) and to ensure safe and speedy transaction in securities.

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

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

g. Location of Windmills:

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

h. Address for correspondence:

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

i. CEO / CFO Certification:

The CEO / CFO Certificate signed by Mr. Mahesh Chhabria, Managing Director and Mrs. Jasvandi Deosthale, Chief Financial Officer of the Company, was placed before the meeting of the Board of Directors held on 17 May 2018.

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

The Members,

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



Mahesh Chhabria
Managing Director
DIN 00166049

Pune: 17 May 2018

CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE

To The Members of Kirloskar Industries Limited

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

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

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

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

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

Sd/-
U. S. ABHYANKAR
Partner
Membership No. 113053

Pune: 17 May 2018



Independent Auditors Report

To
The Members of Kirloskar Industries Limited

Report on the Standalone Financial Statement

We have audited the accompanying Standalone Financial Statements of Kirloskar Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on 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 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 Financial Statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit and its cash flows 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, to the extent applicable.

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

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

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

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

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

   (e) On the basis of the written representations received from the Directors as on March 31, 2018, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 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".

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

      (i) The Company has included the disclosure of the impact of pending litigations on its financial position in its Financial Statements under Note 24, Contingent Liabilities.

      (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Sd/-
U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018



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

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

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

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

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

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

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

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

vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

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

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Years to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	Denial of service tax credit taken and penalty thereon	0.52	2006-07	CESTAT-Mumbai
Income Tax Act, 1961	Disallowance of certain expenses	219.81 (Net of ₹ 63 Lakhs paid under protest)	AY 2015-16	Commissioner of Income Tax (Appeals)

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

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

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

xi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given to us we report that the managerial remuneration has been paid and provided in accordance with the provisions of Section 197 read with Schedule V to the Act.

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

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

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

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

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

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

Sd/-
U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018



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

To the Members of Kirloskar Industries Limited

We have audited the internal financial controls over financial reporting of Kirloskar Industries Limited ("the Company"), as of March 31, 2018, in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Sd/-
U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018



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BALANCE SHEET AS AT 31 MARCH 2018

(₹ in Lakhs)

	Note No.	As at 31 March 2018	As at 31 March 2017
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	**970.87**	970.87
(b) Reserves and surplus	4	**78,714.57**	75,011.56
2 Non-current liabilities			
(a) Deferred tax liability (Net)	38	**88.56**	155.20
(b) Other long term liabilities	5	**23.04**	1,588.32
(c) Long-term provisions	6	**259.47**	223.18
3 Current liabilities			
(a) Trade payables	7	**0.05**	10.50
(b) Other current liabilities	8	**1,957.39**	185.40
(c) Short-term provisions	9	**4.42**	3.08
TOTAL		**82,018.37**	78,148.11
II. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	10	**3,201.37**	669.03
(b) Intangible assets		**-**	-
(c) Capital work-in-progress		**235.90**	17.84
(d) Non-current investments	11	**69,656.80**	68,638.00
(e) Long-term loans and advances	12	**1,258.00**	695.51
(f) Other non-current assets	13	**17.50**	72.02
2 Current assets			
(a) Current investments	14	**4,423.00**	-
(b) Inventories		**-**	1.65
(c) Trade Receivables	15	**110.05**	177.98
(d) Cash and Bank Balances	16	**2,521.61**	7,166.66
(e) Short-term loans and advances	17	**72.17**	29.32
(f) Other current assets	18	**521.97**	680.10
TOTAL		**82,018.37**	78,148.11
Notes forming part of the Financial Statements:	Note No. 1 to 42		

As per our attached report of even date

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

U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

For and on behalf of the Board of Directors

MAHESH CHHABRIA
Managing Director
DIN 00166049

ASHWINI MALI
Company Secretary
ACS 19944

ADITI CHIRMULE
Executive Director
DIN 01138984

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 17 May 2018



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

(₹ in Lakhs)

		Note No.	2017-18	2016-17
I.	**Revenue from operations**	19	**247.87**	353.01
II.	**Other income**	20	**7,791.63**	4,443.59
III.	**Total Revenue (I + II)**		**8,039.50**	4,796.60
IV.	**Expenses:**			
	Cost of Renewable Energy Credit Units Sold		**6.88**	8.99
	Employee benefits expense	21	**983.70**	147.23
	Operating and Other expenses	22	**944.33**	732.81
	Depreciation and amortisation expense	23	**157.59**	100.33
	Corporate Social Responsibility Activities	39	**62.70**	60.91
V	**Total expenses**		**2,155.20**	1,050.27
VI	**Profit / (Loss) before tax (III- V)**		**5,884.30**	3,746.33
VII	**Tax expense / (income):**			
	Current tax		**706.00**	835.00
	Deferred tax		**(66.63)**	28.92
	MAT Credit Entitlement		**(53.25)**	-
	Total		**586.12**	863.92
VIII	**Profit / (Loss) for the year (VI-VII)**		**5,298.18**	2,882.41
IX	**Earnings per equity share [Nominal value of Share ₹ 10 (31 March 2017 ₹ 10)]**		₹	₹
	Basic		**54.57**	**29.69**
	Diluted		**54.56**	**29.69**
Notes forming part of the Financial Statements:		Note No. 1 to 42		

As per our attached report of even date

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

U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

For and on behalf of the Board of Directors

MAHESH CHHABRIA
Managing Director
DIN 00166049

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ACS 19944

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Executive Director
DIN 01138984

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 17 May 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

		2017-18	2016-17
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax:	**5,884.30**	3,746.33
	Add:		
	Depreciation and amortization	**157.59**	100.33
	Advance written off	**-**	0.04
	Loss on sale of fixed assets	**-**	0.19
	Bad debts written off	**2.79**	-
	Provision for doubtful receivable	**52.76**	-
	Periodic unwinding of discount	**12.77**	11.77
	Employees Stock Option Expense	**490.18**	-
		716.09	112.33
	Less:		
	Profit on sale of investment	**1,092.47**	25.22
	Provisions no longer required, written back	**-**	1.28
	Gain on sale of fixed assets	**3.91**	-
	Interest earned	**366.80**	467.33
	Dividend on investments	**3,089.54**	712.90
	Income from licensing of property	**3,238.51**	3,235.27
		7,791.23	4,442.00
	Operating profit before working capital changes	**(1,190.84)**	(583.34)
	Changes in working capital		
	Increase / (Decrease) in trade payables	**(10.45)**	4.67
	Increase / (Decrease) in long term provisions	**23.52**	22.08
	Increase / (Decrease) in short term provisions	**1.35**	0.88
	Increase / (Decrease) in other current liabilities	**192.49**	15.60
	Increase / (Decrease) in other long term liabilities	**-**	-
	Decrease / (increase) in trade receivables	**61.45**	(132.37)
	Decrease / (increase) in inventories	**1.65**	(0.24)
	Decrease / (increase) in long - term loans and advances	**(5.19)**	(12.16)
	Decrease / (increase) in short - term loans and advances	**(42.85)**	11.05
	Decrease / (increase) in other non current assets	**(17.50)**	-
	Decrease / (increase) in other current assets	**(24.13)**	91.03
	Sub Total	**180.34**	0.54
	Net cash generated / (utilised) from operations	**(1,010.50)**	(582.80)
	Direct Taxes Paid	**(1,147.67)**	(980.10)
	NET CASH GENERATED / (UTILISED) FROM OPERATING ACTIVITIES	**(2,158.17)**	(1,562.90)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Add:		
	Sale of investments in shares	**1,095.62**	33.78
	Sale of fixed assets	**5.00**	-
	Interest received	**505.16**	351.95
	Dividend received	**3,089.54**	712.90
	Licensing of property	**3,236.11**	3,235.34
	Realisation of bank deposits	**4,390.21**	-
	Security deposit	**2.90**	9.84
	Sub total	**12,324.54**	4,343.81



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

		2017-18	2016-17
	Less:		
	Purchase of investments in shares and mutual funds	**(5,378.83)**	(26.49)
	Addition to investment properties	**(98.00)**	-
	Investments in bank deposits (having original maturity of more than three months) (Net)	**-**	(2,378.33)
	Purchase of fixed assets including capital work in progress	**(2,871.47)**	(42.61)
	Capital advances for purchase of fixed assets	**(70.88)**	(2.25)
	Sub total	**(8,419.18)**	(2,449.68)
	NET CASH GENERATED / (UTILISED) FROM INVESTING ACTIVITIES	**3,905.36**	1,894.13
C.	**CASHFLOW FROM FINANCING ACTIVITIES**		
	Dividend paid	**(1,930.40)**	(56.23)
	Tax on dividend	**(143.62)**	-
	Fractional shareholding entitlement paid	**(0.01)**	-
	NET CASH GENERATED / (UTILISED) IN FINANCING ACTVITIES	**(2,074.03)**	(56.23)
D.	Net Increase / (Decrease) In Cash And Cash Equivalents	**(326.84)**	275.00
E.	Cash and Cash equivalents at the beginning of the year	**443.00**	168.00
F.	Cash and Cash equivalents at the end of the year	**116.16**	443.00
	COMPONENTS OF CASH AND CASH EQUIVALENTS		
	Cash on hand	**0.21**	0.05
	With banks -	**-**	
	- on current account	**50.40**	21.20
	- on deposit account	**-**	367.50
	- unclaimed dividend accounts / fractional entitlement *	**65.55**	54.25
	Total Cash and Cash Equivalents	**116.16**	443.00

* The Company can utilize these balances only towards settlement of the respective unclaimed dividend and unclaimed fractional entitlement.

Notes:

1 The above Cash Flow Statement has been prepared under the indirect method setout in Accounting Standard (AS)-3, 'Cash Flow Statement' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

2 Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.

3 All figures in brackets indicate outflow.

As per our attached report of even date

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

U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

For and on behalf of the Board of Directors

MAHESH CHHABRIA
Managing Director
DIN 00166049

ADITI CHIRMULE
Executive Director
DIN 01138984

ASHWINI MALI
Company Secretary
ACS 19944

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 17 May 2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1:
CORPORATE INFORMATION

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

The Company has investments in properties and securities. The Company owns some land parcels in Pune. During the year, Company has amended the Main Object Clause of the Company related to real estate activities.

The Board of Directors has approved to develop some land parcels owned by the Company at Kothrud, Pune. Accordingly, the Company has initiated the process of obtaining various permissions from the Government Authorities.

NOTE 2:
BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in conformity with Generally Accepted Accounting Principles in India (Indian GAAP) to comply in all material respects with the notified Accounting Standards as prescribed under Section 133 of the Companies Act, 2013, (the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Act and the guidelines issued by Securities and Exchange Board of India (SEBI). The Financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

Summary of Significant Accounting Policies

a. Use of Estimates

The preparation of Financial Statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities at the end of the reporting period. The estimates and assumptions used in the accompanying Financial Statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying Financial Statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

b. Property, Plant and Equipment and Intangible Assets, Depreciation / Amortisation and Impairment of assets

I. Property, Plant and Equipment and Intangible Assets

Tangible Fixed Assets and Intangible Assets are stated at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, where the Company has such contractual obligation.

II. Depreciation / Amortisation

Depreciation is provided on all assets (except land, being a non depreciable asset) equally over the useful life of the individual assets as prescribed under Part C of Schedule II to the Act. These lives also reflect the



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

management's estimate of the useful life of the respective fixed asset. Where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately.

In case of windmills, useful life of 20 years (instead of 22 years as prescribed in Part C of Schedule II to the Act) has been estimated by the management of the Company for the purpose of charging depreciation on the basis of technical assessment by independent external expert.

Dismantling and restoration cost is depreciated over remaining useful life of Windmill.

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

Computer software recognised as intangible asset is amortised over an estimated useful life of 5 years.

All fixed assets individually costing ₹ 5,000 or less are fully depreciated in the year of installation.

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

III. Impairment of assets

At each balance sheet date, based on internal / external factors, if there is any indication of impairment, the carrying amount of assets is reviewed. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the, net selling price and value of the assets in use. 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 risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

c. Inventories

Inventories in the nature of Renewable Energy Certificates (RECs) are accounted for in accordance with the Guidance Note on Accounting for Self-Generated Certified Emission Reductions issued by the Institute of Chartered Accountants of India. Accordingly, the RECs are recognised upon application for certification to the respective authorities till such units are sold, and valued at lower of cost and net realisable value. Cost comprises of costs incurred for certification of RECs. Net realisable value of RECs is the estimated selling price in the ordinary course of business.

d. Investments

Investments intended to be held for not more than a year are classified as 'Current Investments'. Current Investments are carried at lower of cost and fair value determined on an individual investment basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

All other investments are classified as 'Long term investments'. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

On disposal of an investment, the difference between its weighted average carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Investment Property

An investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of the Company is classified as investment property. Investment properties are stated at cost less accumulated depreciation / amortisation and impairment losses, if any.

Cost comprises the purchase price and any attributable cost of bringing the investment property to its working condition for its intended use.

Depreciation on the building component of the investment property is calculated on the basis of the management's estimate of the useful lives of the respective investment property and is equal to the corresponding useful lives prescribed in Schedule II of the Act.

On disposal of an investment property, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

e. Employee Benefits

I. Provident Fund and Superannuation Scheme

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

II. Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on 'Projected Unit Credit Method' carried out for assessing liability as at the reporting date.

Actuarial gains / losses are immediately taken to Statement of Profit and Loss and are not deferred.

III. Leave Encashment

Long term and Short term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per 'Projected Unit Credit Method' as at the reporting date.

Actuarial gains / losses are immediately taken to Statement of Profit and Loss and are not deferred.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

IV. Employee Stock Option Plan

Employees of the Company receive remuneration in the form of shared based payment transactions, whereby employees render services as consideration for equity instruments granted (Equity settled transactions).

In accordance with the guidance note on Accounting for Employee share-based payments issued by the Institute of Chartered Accountants of India, the cost of equity settled transactions is determined by the Fair Value of the options at the date of the grant and recognised as an employee compensation cost over the vesting period. The cumulative expense recognised for each 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 compensation expenses are amortised over the vesting period of the options on straight line basis.

f. Revenue Recognition

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

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

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

III. Income from property licensing is recognised as rentals, as accrued over the period of the Leave and License Agreements.

IV. Dividend is recognised as income when right to receive it is established.

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

VI. Profit / Loss on the sale / redemption of investments is dealt with at the time of actual sale / redemption.

g. Expenditure on Corporate Social Responsibility Activities (CSR Activities)

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

h. Income Tax

I. Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

II. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted, at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income Tax Act, 1961, no deferred tax (asset or liability) is recognised in respect of timing differences which originate and are likely to reverse during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognised deferred tax assets of the earlier years. It recognises unrecognised deferred tax asset to the extent that it has become reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Based on the reassessment, the asset of deferred tax is then restated by crediting to the Statement of Profit and Loss.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

III. Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that it is reasonably certain that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on 'Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961', issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have reasonable certainty that it will pay normal tax during the specified period.

i. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

j. Cash Flow Statement

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

k. Cash and Cash Equivalents

Cash and Cash Equivalents in the Cash Flow Statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.

l. Segment Reporting

I. Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

II. Allocation of common costs

Common allocable costs are allocated to each segment pro-rata on the basis of revenue of each segment to the total revenue of the Company.

III. Unallocated items

Unallocated items include income and expenses which are not allocated to any reportable business segment.

IV. Segment Policies

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

m. Foreign currency translation

I. Initial recognition

Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.

II. Conversion

Monetary assets and liabilities denominated in foreign currency are translated in to Rupees at exchange rate prevailing on the date of the Balance Sheet.

III. Exchange differences

All exchange differences are dealt with in the Statement of Profit and Loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

n. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value except in case of decommissioning, restoration and similar liabilities that are recognised as cost of Property, Plant and Equipment. The discount rate used is a pre-tax rate that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Periodic unwinding of discount is recognised in the Statement of Profit and Loss.

Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

o. Contingent Liability

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

NOTE 3:
SHARE CAPITAL

(a) Authorised, Issued, Subscribed and Paid up Share Capital and Par value per share

Particulars	**As at 31 March 2018**		As at 31 March 2017	
	Number	**(₹ in Lakhs)**	Number	(₹ in Lakhs)
Authorised Equity Shares of ₹ 10 each	**5,00,00,000**	**5,000.00**	5,00,00,000	5,000.00
Issued and Subscribed Equity Shares of ₹ 10 each	**97,08,650**	**970.87**	97,08,650	970.87
Called Up and Paid Up Equity Shares of ₹ 10 each fully paid up	**97,08,619**	**970.87**	97,08,619	970.87
Share Capital Suspense Account* Equity Shares of ₹ 10 each fully paid up	**31**	**-**	31	-
Total	**97,08,650**	**970.87**	97,08,650	970.87

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(b) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number	(₹ in Lakhs)	Number	(₹ in Lakhs)
Shares outstanding at the beginning of the year	**97,08,650**	**970.87**	97,08,650	970.87
Add: Shares issued during the year	**-**	**-**	-	-
Less: Shares bought back during the year	**-**	**-**	-	-
Shares outstanding at the end of the year	**97,08,650**	**970.87**	97,08,650	970.87

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

Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
India Capital Fund Limited	**9,59,117**	**9.88%**	9,43,439	9.72%
Atul Chandrakant Kirloskar #	**16,35,300**	**16.84%**	16,35,300	16.84%
Rahul Chandrakant Kirloskar # #	**16,21,688**	**16.70%**	16,21,688	16.70%
Gautam Achyut Kulkarni	**-**	**-**	16,30,386	16.79%
Arti Atul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%
Jyotsna Gautam Kulkarni # # #	**23,57,184**	**24.28%**	7,26,798	7.49%
Alpana Rahul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%

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

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

Includes transmission on demise of Mr. Gautam Achyut Kulkarni.

(d) Details of Allotment of Shares for consideration other than cash, allotments of Bonus Shares and Shares bought back

Particulars	Financial Year (Aggregate No. of Shares)				
	2017-18	2016-17	2015-16	2014-15	2013-14
Equity Shares :					
Fully paid up by way of bonus shares	**-**	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	**-**	-	-	-	-
Shares Bought Back	**-**	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 4:		
RESERVES AND SURPLUS		
General Reserves:		
Balance as per last account	**32,261.91**	32,261.91
Add: Transfer from surplus of the Statement of Profit and Loss	**-**	-
Closing Balance	**32,261.91**	32,261.91
Share Options Outstanding Account (Refer Note 31)	**490.18**	-
Surplus/ (Deficit) in the Statement of Profit and Loss		
Balance as per last account	**42,749.65**	39,867.24
Add: Net Profit transferred from the Statement of Profit and Loss	**5,298.18**	2,882.41
Amount available for appropriation	**48,047.83**	42,749.65
Less: Appropriations:		
Less: Final Dividend for F.Y. 2016-17	**1,941.73**	-
Less: Tax on Final Dividend for F.Y. 2016-17	**143.62**	-
Net surplus in the Statement of Profit and Loss	**45,962.48**	42,749.65
Total	**78,714.57**	75,011.56
NOTE 5:		
OTHER LONG TERM LIABILITIES		
Security Deposits	**23.04**	1,588.32
Total	**23.04**	1,588.32
NOTE 6:		
LONG TERM PROVISIONS		
Provision for employee benefits (Refer Note 30)		
Gratuity	**57.34**	41.91
Leave Encashment	**38.92**	30.83
Provision for Decommissioning and Restoration (Refer Note 40)	**163.21**	150.44
Total	**259.47**	223.18



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 7:		
TRADE PAYABLES		
Open Access Charges payable to MSEDCL	0.05	10.50
Total	**0.05**	10.50
NOTE 8:		
OTHER CURRENT LIABILITIES		
Investors Education and Protection Fund will be credited by the following amounts, as and when due:		
- Unclaimed equity dividend*	**62.94**	51.61
- Unclaimed fractional entitlement	**2.70**	2.72
* Includes ₹ 0.09 Lakhs (₹ 0.09 Lakhs) on 31 shares in abeyance which will not be transferred to Investors Education and Protection Fund		
Other payables		
Taxes and duties	**19.29**	4.77
Employee benefits	**147.64**	25.23
Creditors for expenses and others	**76.65**	42.56
Security deposits	**1,608.49**	40.31
Commission payable to Directors	**39.68**	18.20
Total	**1,957.39**	185.40
NOTE 9:		
SHORT TERM PROVISIONS		
Provision for employee benefits (Refer Note 30)		
Gratuity	**0.75**	0.41
Leave Encashment	**3.67**	2.67
Total	**4.42**	3.08

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 10:

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS **(₹ in Lakhs)**

Particulars	Property, Plant and Equipment (A)									Intangible Assets (B)	Total (A)+(B)
	Building	Plant and equipment		Furniture and Fixtures	Vehicles	Office Equipment	Computers and Peripherals	Electrical Installations	Total of (A)	Computer Software	
		Wind power generators	Diesel Generator Set								
Gross Block											
Balance as at 1 April 2016	-	2,629.69	9.39	59.51	11.40	14.12	9.49	7.34	2,740.94	1.01	2,741.95
- Additions	-	-	-	8.94	-	7.73	8.09	-	24.76	-	24.76
- (Disposals) / Adjustments	-	138.67	-	-	-	-	(0.38)	-	138.29	-	138.29
Balance as at 31 March 2017	-	2,768.36	9.39	68.45	11.40	21.85	17.21	7.34	2,903.99	1.01	2,905.00
- Additions	2,430.68	-	-	8.10	178.85	33.83	4.19	-	2,655.65	-	2,655.65
- (Disposals) / Adjustments	-	-	-	-	(11.40)	-	-	-	(11.40)	-	(11.40)
Balance as at 31 March 2018	2,430.68	2,768.36	9.39	76.55	178.85	55.68	21.40	7.34	5,548.25	1.01	5,549.26
Accumulated Depreciation											
Balance as at 1 April 2016	-	2,093.81	3.61	31.96	9.45	10.50	7.87	2.42	2,159.62	1.00	2,160.62
- Depreciation charge for the year	-	62.73	0.55	5.95	1.95	1.58	1.95	0.81	75.52	0.01	75.53
- On (Disposals) / Adjustments		-	-	-	-	-	(0.18)	-	(0.18)	-	(0.18)
Balance as at 31 March 2017	-	2,156.54	4.16	37.91	11.40	12.08	9.64	3.23	2,234.96	1.01	2,235.97
- Depreciation charge for the year	20.14	62.73	0.55	7.04	25.18	3.45	3.43	0.80	123.32	-	123.32
- On (Disposals) / Adjustments	-	-	-	-	(11.40)	-	-	-	(11.40)	-	(11.40)
Balance as at 31 March 2018	20.14	2,219.27	4.71	44.95	25.18	15.53	13.07	4.03	2,346.88	1.01	2,347.89
Net Block											
Balance as at 31 March 2017	-	611.82	5.23	30.54	-	9.77	7.56	4.11	669.02	-	669.02
Balance as at 31 March 2018	2,410.54	549.09	4.68	31.60	153.67	40.15	8.33	3.31	3,201.37	-	3,201.37



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 11 :

NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2018 Nos.	As at 31 March 2018 ₹ in Lakhs	As at 31 March 2017 Nos.	As at 31 March 2017 ₹ in Lakhs
A	**Investment Properties**					
i	Land (at cost)					
	Opening Balance			**14.53**		14.53
	Add: Additions during the year			**-**		-
	Less: Sold during the year			**-**		-
	Closing Balance			**14.53**		14.53
ii	Building (at cost less depreciation)					
	(a) Gross Block					
	Opening Balance			**1,262.45**		1,262.45
	Add: Additions during the year			**98.00**		-
	Less: Sold during the year			**-**		-
	Closing Balance			**1,360.45**		1,262.45
	(b) Accumulated Depreciation					
	Opening Balance			**668.79**		643.99
	Add: Depreciation for the year			**34.27**		24.80
	Less: On disposals			**-**		-
	Closing Balance			**703.06**		668.79
	Net Block of Building (a) - (b)			**657.39**		593.66
iii	**Total Investment Properties (i)+(ii)**			**671.92**		608.19
B	**Trade Investments**					
1	**Quoted**					
	Investment in Equity Instruments					
	Fully Paid Equity Shares					
(a)	Investment In Subsidiary					
	Kirloskar Ferrous Industries Limited Extent of holding by the Company is 51.45% (31 March 2017: 51.45%)	5	**7,06,43,754**	**17,526.26**	7,06,43,754	17,526.26
(b)	Others					
	Kirloskar Pneumatic Company Limited	10	**12,84,598**	**6,271.45**	11,86,866	5,315.61
	Swaraj Engines Limited (Refer Note 29)	10	**21,14,349**	**35.24**	21,60,000	36.00
	Pneumatic Holdings Limited	10	**-**	**-**	100	0.01
	Kirloskar Brothers Limited	2	**1,89,88,038**	**28,170.90**	1,89,88,038	28,170.90
	Kirloskar Oil Engines Limited	2	**82,10,439**	**16,981.03**	82,10,439	16,981.03
	Cummins India Limited #	2	**683**	**-**	683	-
	Total			**68,984.88**		68,029.81

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2018 Nos.	As at 31 March 2018 ₹ in Lakhs	As at 31 March 2017 Nos.	As at 31 March 2017 ₹ in Lakhs
2	**UNQUOTED**					
	Investment in Equity Instruments					
	Fully Paid Equity Shares					
	S. L. Kirloskar CSR Foundation	10	**9,800**	**-**	9,800	-
	The Mysore Kirloskar Limited (In liquidation)	10	**1,13,460**	**27.33**	1,13,460	27.33
	Less: Provision for diminution in value			**27.33**		27.33
				-		-
	Total			**-**		-
	Total (A + B)			**69,656.80**		68,638.00

(₹ in Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
Aggregate amount of quoted investments		
Carrying Cost	**68,984.88**	68,029.81
Market Value	**1,97,451.10**	1,94,397.77
Aggregate amount of unquoted investments	**-**	-
Investment Property at carrying cost	**671.92**	608.19
Aggregate amount of diminution in value of investments	**27.33**	27.33

Note:

At carrying cost of ₹ 36.96



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 12:		
LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured, considered good:	**70.88**	2.25
Security Deposits		
Unsecured, considered good:	**26.90**	22.28
Other Advances recoverable in cash or kind -		
Unsecured, considered good:		
Minimum Alternate Tax Credit Entitlement	**106.86**	59.86
Advance Income Tax	**1,052.79**	611.12
(Net of Provision for Income Tax ₹ 6,892.20 Lakhs (₹ 6,186.20 Lakhs) and provision for Wealth Tax ₹ 145.44 Lakhs (₹145.44 Lakhs))		
Prepaid expenses	**0.57**	-
	1,258.00	695.51
Unsecured, considered doubtful:	**385.87**	385.87
Less: Provision for Doubtful Advances	**385.87**	385.87
	-	-
Total	**1,258.00**	695.51
NOTE 13:		
OTHER NON-CURRENT ASSETS		
Fixed Deposits with banks due for realisation after 12 months from the reporting date (Refer Note 16)	**-**	**72.00**
Interest accrued on Deposits with Banks	**-**	0.02
Others (Refer Note 28)	**17.50**	-
Total	**17.50**	72.02

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

	Face Value (₹)	As at 31 March 2018 Nos.	As at 31 March 2018 ₹ in Lakhs	As at 31 March 2017 Nos.	As at 31 March 2017 ₹ in Lakhs
NOTE 14 :					
CURRENT INVESTMENTS					
Trade Investments (unquoted)					
Current maturities of Long Term Investments *					
Investment in Debentures and Bonds					
The Mysore Kirloskar Limited					
(In liquidation)					
12.5% Secured Non Convertible Part "B" debentures of ₹ 44 each	100	**30,000**	**13.20**	30,000	13.20
Less: Provision for diminution in value			**13.20**		13.20
			-		-
Investments in Liquid Mutual Funds					
DSP Blackrock Liquidity Fund- Reg(G)		**61,294.65**	**1,471.00**		-
ICICI Prudential Liquid Plan (G)		**5,93,909.16**	**1,476.00**		-
Reliance Liquid- Treasury Plan (G)		**35,926.92**	**1,476.00**		-
			4,423.00		-
Total			**4,423.00**		-

(₹ in Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
Aggregate carrying cost of unquoted investments	**4,423.00**	-
Aggregate amount of diminution in value of investments	**13.20**	13.20

Note:

* In earlier years, the Company had purchased 30,000 debentures of the Mysore Kirloskar Limited with an intention of holding the same for more than one year. Accordingly, the Company had classified the same as long term investment under Accounting Standard 13 - Accounting for Investments. Since the debentures have already matured on 1 September 1999, the Company has presented the same as current maturities of long term investments.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 15:		
TRADE RECEIVABLES		
Outstanding for more than six months from the date they are due for payment		
Unsecured, considered good	**101.01**	144.11
Unsecured, considered doubtful	**6.45**	-
Less: Provision for doubtful receivables	**6.45**	-
	-	-
Others		
Unsecured, considered good	**9.04**	33.87
Total	**110.05**	177.98
NOTE 16:		
CASH AND BANK BALANCES		
Cash and Bank Balances		
Balances with Banks:		
On Current Accounts	**50.40**	21.20
Fixed Deposits having original maturity less than 3 months	**-**	367.50
Earmarked balances:		
Unclaimed Dividend Accounts	**62.85**	51.53
Unclaimed fractional shareholdings account	**2.70**	2.72
Cash on hand	**0.21**	0.05
	116.16	443.00
Other Bank Balances:		
Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date	**2,405.45**	6,723.66
Non-current:		
Fixed Deposits with banks due for realisation after 12 months from the reporting date	**-**	72.00
Less: Disclosed under Other Non-Current Assets (Refer Note 13)	**-**	72.00
Total	**2,521.61**	7,166.66
NOTE 17:		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Prepaid Expenses	**25.06**	7.90
Balances with Government Authorities	**38.05**	18.07
Others	**9.06**	3.35
Total	**72.17**	29.32

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

		(₹ in Lakhs)
	As at 31 March 2018	As at 31 March 2017
NOTE 18:		
OTHER CURRENT ASSETS		
Unbilled revenue from Wind power		
Unsecured, considered good	**366.94**	434.06
Unsecured, considered doubtful	**46.32**	-
Less: Provision for doubtful receivables	**46.32**	-
	-	-
Interest accrued on deposits with banks	**106.53**	244.86
Other receivables	**48.50**	1.18
Total	**521.97**	680.10

		(₹ in Lakhs)
	2017-18	2016-17
NOTE 19:		
REVENUE FROM OPERATIONS		
Sale of Wind power (Refer Note 27)	**128.91**	276.21
Sale of Renewable Energy Credit	**118.96**	76.80
Total	**247.87**	353.01
NOTE 20:		
OTHER INCOME		
Interest on Bank Deposits	**366.80**	467.33
Dividend income - Non current Investments:		
From Subsidiary Company	**1,236.27**	-
From Other Companies	**1,853.27**	712.90
Gain on sale of long term investment shares / properties (Refer Note 29)	**1,092.47**	25.22
Gain on sale of fixed assets	**3.91**	-
Other non-operating income		
Property licensing fees (Refer Note 28)	**3,238.51**	3,235.27
Provisions no longer required written back	**-**	1.28
Miscellaneous income	**0.40**	1.59
Total	**7,791.63**	4,443.59



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	2017-18	2016-17
NOTE 21:		
EMPLOYEE BENEFITS EXPENSE		
Salaries and incentives	**430.32**	119.30
Contributions to :		
- Provident Fund and Labour Welfare Fund	**20.99**	5.95
- Superannuation	**23.72**	6.01
Gratuity	**15.78**	14.56
Staff welfare expenses	**2.71**	1.41
Employees Stock Option Expense (Refer Note 31)	**490.18**	-
Total	**983.70**	147.23
NOTE 22:		
OPERATING AND OTHER EXPENSES		
A. Operating Expenses		
Operation and Maintenance Charges*	**95.52**	3.90
Transmission and Wheeling Charges	**3.84**	59.90
Other Open Access Charges	**20.77**	19.96
Periodic unwinding of discount (Refer Note 40)	**12.77**	11.77
Provision for Doubtful receivables	**52.76**	-
Bad Debts Written off	**2.79**	-
Sub Total	**188.45**	95.53
B. Other Expenses		
Security Expenses	**246.73**	251.70
Repairs and maintenance :		
- Property	**69.31**	148.41
- Other Assets	**3.82**	7.70
Garden and Site Maintenance	**46.88**	46.28
Rent Expense	**27.55**	5.18
Rates and Taxes	**18.81**	21.24
Legal and Professional Fees	**177.47**	71.17
Commission to Directors	**39.68**	18.20
Director Sitting Fees	**23.71**	8.14
Printing and Stationery Expenses	**10.62**	9.06
Postage and Courier Charges	**8.23**	7.71
Advertisement and Publicity	**2.59**	2.97
Electricity Charges	**4.81**	3.34
Travelling Expenses	**16.26**	3.46
Insurance Charges	**18.56**	10.52
Advance written off	**-**	0.04
Membership Subscription	**8.01**	6.77
GST / Service Tax Written off	**7.96**	3.52
Miscellaneous Expenses	**15.88**	5.69
Payment to auditors for :		
- Statutory Audit	**4.00**	2.25
- Limited review	**2.75**	2.25
- Tax Audit	**1.00**	0.75
- Certification	**1.25**	0.93
Total	**944.33**	732.81

* Includes ₹ 83.28 Lakhs towards one time repairs and overhaul of Windmills.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	2017-18	2016-17
NOTE 23:		
DEPRECIATION AND AMORTISATION EXPENSE*		
On Property, Plant and Equipment and Intangible Assets (Refer Note 10)	**123.32**	75.53
On Investment Property (Refer Note 11)	**34.27**	24.80
Total	**157.59**	100.33

* Based on the review carried out by the Company, there are no parts of the assets having significant value to total cost of the asset and different useful life from the useful life of the remaining asset.

NOTE 24:
CONTINGENT LIABILITIES:

(₹ in Lakhs)

Sr. No.	**Particulars**	**As at 31 March 2018**	As at 31 March 2017
(a)	Service tax demands	**2.92**	2.92
(b)	Disputed Income tax demand Out of this, ₹ 983.86 Lakhs (₹ 567.40 Lakhs) paid under protest	**1,203.67**	653.22
(c)	Conveyance deed charges in respect of property	**21.51**	21.51

NOTE 25:
CAPITAL COMMITMENTS:

(₹ in Lakhs)

Particulars	**As at 31 March 2018**	As at 31 March 2017
Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances)	**77.58**	37.99

NOTE 26:
EXPENDITURE AND EARNINGS IN FOREIGN CURRENCIES:

(₹ in Lakhs)

Particulars	**For the year ended 31 March 2018**	For the year ended 31 March 2017
Expenditure in Foreign Currencies - Director Travelling Expenses	0.12	-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 27:

DETAILS OF LICENSED AND INSTALLED CAPACITY, PRODUCTION, INVENTORY AND TURNOVER:

(a) Licensed and installed capacity and production

(₹ in Lakhs)

Class of Goods	Units	Licensed capacity		Installed capacity ##		Production meant for sale	
		2017-18	2016-17	**2017-18**	2016-17	**2017-18**	2016-17
Wind-power units	KwH (in Lakhs)	**N.A.**	N.A.	**112.00**	112.00	**34.78**	49.05

Capacity is based on plant load factor, as advised by the Company's technical consultants.

(b) Inventory (at cost)

(₹ in Lakhs)

Class of Goods	Units	2017-18		2016-17	
		Nos.	**Amount**	Nos.	Amount
Renewable Energy Certificates (RECs)	Units	**-**	**-**	10,537	1.48
RECs under certification	Units	**-**	**-**	743	0.17

(c) Depreciation and Operating and Maintenance cost of Self Generated Certified Emission Reductions(RECs) of windmills as required by Guidance Note on Accounting for Self- generated Certified Emission Reductions issued by The Institute of Chartered Accountants of India

(₹ in Lakhs)

Particulars	**For the year ended 31 March 2018**	For the year ended 31 March 2017
Depreciation	**62.73**	62.73
Operation and Maintenance cost	**95.52**	3.90

(d) Turnover

(₹ in Lakhs)

Sr. No.	Class of Goods	Units	2017-18		2016-17	
			Nos.	**Amount**	Nos.	Amount
1	Wind-Power Units	KwH (in Lakhs)	**34.91**	**#128.91**	49.05	276.21
2	Renewable Energy Certificates (RECs)	Units	**11,896**	**118.96**	5,120	76.80
	Total			**247.87**		353.01

Includes revenue of ₹ 46,204 in respect of 13,201 units for the period April 2014 to June 2015, due to receipt of certified units from MSEDCL.

NOTE 28:

The Company amended its Memorandum of Association during the year to include in its Object Clause the business of acquiring, developing, leasing, selling and dealing in Real Estate. Consequently, the Board of Directors accorded its approval for development of some land parcels at Kothrud in its meeting held on March 6, 2018. The advances in respect of Consultancy and other expenditure aggregating to ₹ 17.50 Lakhs incurred in connection with this activity, have been included under 'Other Non - Current Asset' and also included as assets of Real Estate Segment identified by the Company during the quarter. The same would be reviewed and re-classified as 'Capital Work in Progress' or 'Inventories', depending on the nature of the Project and the Business Model which shall be determined by the Company in due course. In the meantime, the lease rental income from the properties let out has been continued to be disclosed under 'Other Income'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 29:

The Company participated in the buyback of fully paid equity shares of Swaraj Engines Limited (SEL), SEL has accepted buyback offer of 45,651 equity shares of ₹ 10 each at the rate of ₹ 2,400 per equity share. Other income includes ₹ 1,092.47 Lakhs profit on buyback of SEL shares.

NOTE 30:
EMPLOYEE BENEFITS

(a) Defined Contribution Plans

The Company has contributed ₹ 44.71 Lakhs (₹ 11.96 Lakhs for 31 March 2017) towards Defined Contribution Plans, i.e., Provident Fund Contribution and Superannuation Scheme.

(b) Gratuity

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

Disclosure pursuant to Accounting Standard (AS 15) – Revised 2005 "Employee Benefits":

i. Statement of Profit and Loss:

Included in Employee Cost

Gratuity

(₹ in Lakhs)

Particulars	**For the year ended 31 March 2018**	For the year ended 31 March 2017
a. Current Service Cost	**0.34**	2.08
b. Past Service Cost	**-**	-
c. Interest Cost	**3.13**	2.22
d. Expected return on Plan Assets	**-**	NA
e. Net Actuarial (Gains) / losses recognised in the year	**12.30**	10.26
f. Total included in "Employee Cost"	**15.78**	14.56

ii. Balance Sheet (details of provision for gratuity)

(₹ in Lakhs)

Particulars	**As at 31 March 2018**	As at 31 March 2017
a. Present value of Defined Benefit obligation as at the end of the year	**58.09**	42.32
b. Fair value of Plan Assets as at the end of the year	**NA**	NA
c. Funded / (Unfunded) Status	**(58.09)**	(42.32)
d. Current Liability	**0.75**	0.41
e. Non - Current Liability	**57.34**	41.91
f. Unrecognised Actuarial (gains) / losses	**NIL**	NIL
g. Net (Liability) / Asset	**(58.09)**	(42.32)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

iii. Changes in the present value of the Defined Benefit Obligation:

Gratuity

(₹ in Lakhs)

Particulars	**As at 31 March 2018**	As at 31 March 2017
a. Present value of Defined Benefit obligation at the beginning of the year	**42.32**	27.75
b. Interest cost	**3.13**	2.22
c. Past service cost	**-**	-
d. Current service cost	**0.34**	2.08
e. Benefits paid	**-**	-
f. Actuarial Losses / (Gains)	**12.30**	10.26
g. Present value of Defined Benefit Obligation at the close of the year	**58.09**	42.32

iv. The principal assumptions used in determining gratuity obligations for the Company's plan:

Gratuity

(₹ in Lakhs)

Particulars	**As at 31 March 2018**	As at 31 March 2017
a. Discount Rate	**7.60%**	7.40%
b. Rate of increase in compensation cost	**7.50%**	7.50%
c. Expected average remaining working lives of employees (years)	**10.35***	11.43*
d. Withdrawal rate of Attrition	**2% - 6%**	2% - 6%

* It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

v. Amounts for the current and previous years are as follows:

(₹ in Lakhs)

Particulars	**31 March 2018**	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Defined benefit obligation	**58.09**	42.32	27.75	25.90	20.25
Plan assets	**NA**	NA	NA	NA	NA
Surplus / (deficit)	**(58.09)**	(42.32)	(27.75)	(25.90)	(20.25)
Experience adjustments on plan liabilities (loss) / gain	**(13.01)**	(8.51)	1.79	1.72	1.49
Experience adjustments on plan assets (loss) / gain	**NIL**	NIL	NIL	NIL	NIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 31:
EMPLOYEE STOCK OPTION PLAN 2017

The Company has introduced Employee Stock Option Plan (ESOP). This employee equity-settled compensation plan is known as Kirloskar Industries Limited - Employee Stock Option Plan 2017 (the "Plan"). The ESOP is approved and authorised by the Nomination and Remuneration Committee at its meeting held on 1 November 2017 (as amended on 13 December 2017).

The vesting period shall be minimum one year from the date of grant which shall vest in the following manner:

Terms Explanation

Vesting period / schedule
A. 95,000 options shall vest at the end of the year from the date of options granted.
B. 1,31,862 options shall vest as 1/3rd options every year.

The options vested shall be exercised within one year from the vesting date. When exercisable, each option is convertible into one equity share. Any option granted shall be exercisable according to the terms and conditions as determined by Employee Stock Option Plan 2017.

Under the said plan the Nomination and Remuneration Committee of the Board of Directors has granted 2,26,862 options as on 1 November 2017 (as amended on 13 December 2017) to eligible employees of KIL.

Particulars	**Year ended 31 March 2018**	
	Weighted average exercise price per share per option (Amount in ₹)	**Number of options**
Outstanding at the beginning of the period	-	-
Granted during the period	900	2,26,862
Exercised during the period	-	-
Forfeited during the period	900	(4,044)
Expired during the period	-	-
Outstanding at the end of the period	**900**	**2,22,818**
Exercisable at the end of the period	**-**	**-**
Weighted average share price (INR)		**1,378**
Weighted average remaining contractual life of options outstanding at the end of the year		**0.55 years**

Fair value of the options granted:

The Company has recorded employee stock-based compensation expense relating to the options granted to the employees on the basis of fair value of options.

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

Fair value and assumptions for the equity-settled grant made on 1 November 2017.

Grant ESOP 2017	**Vesting dates**		
Grant Date: 1 November 2017 Exercise price - ₹ 900	**1 November 2018**	**1 November 2019**	**1 November 2020**
Fair value of option	668.29	706.35	748.82
Input variables :			
Share price as on grant date	1,499.85	1,499.85	1,499.85
Standard deviation (Volatility)	43.46%	41.57%	43.21%
Risk-free rate	6.45%	6.52%	6.58%
Time to maturity	1.50	2.50	3.50
Dividend yield	2.52%	2.52%	2.52%

Rationale for the variables used

The variables used for calculating the fair values and their rationale are as follows:

A. Stock price

The latest available closing market price on the National Stock Exchange of India Limited (NSE) prior to date on which options are granted has been considered for the purpose of valuation.

Under the ESOP Scheme of the Company, one option entitles an employee to one equity share of the Company.

B. Volatility

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes-Merton option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time.

The period to be considered for volatility must be adequate to represent a consistent trend in the price movements. It is also important that movements due to abnormal events get evened out. The guidance note on “Accounting for Employees Share-based Payments” issued by the Institute of Chartered Accountants of India recommends the historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. Accordingly, we have considered volatility over the expected life of the option.

The fair value is very sensitive to this variable. Higher the volatility, higher is the fair value.

The rationale being, the more volatile a stock is, the more is its potential to go up (or come down), and the more is the probability to gain from the movement in the price. Accordingly, an option to buy a highly volatile stock is more valuable than the one to buy a less volatile stock, for the probability of gaining is lesser in the later case.

C. Risk free interest rate

The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity approximately equal to the expected life of the options based on the zero-coupon yield curve for government securities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

D. Exercise price

The Company considered the exercise price of the options granted to employees based on the Plan.

E. Time to maturity / expected life of options

Time to maturity / expected life of options is the period from the grant date to the date on which option is expected to be exercised. The minimum life of stock option is the minimum period before which the options cannot be exercised and maximum life is the period after which the options cannot be exercised.

The expected life of an award of stock options considers the following factors:

i. The expected life must at least include the vesting period.

ii. The average lengths of time of similar grants have remained outstanding in the past. If the Company does not have sufficiently long history of stock option grants, the experience of an appropriately comparable peer group has been taken into consideration.

iii. The expected life of stock options should not be less than half of the exercise period of the stock options issued until and unless the same is supported by historical evidences with respect to stock options issued by the Company earlier.

The fair value of each award has been determined based on different expected lives of the options that vest each year, as if the award were several separate awards, each with a different vesting date.

The time to maturity has been estimated as illustrated by the following example. In case of the options granted on 1 April 2017, the earliest date of exercise for the first vesting is one year from the date of grant that is 1 April 2018. Hence, the minimum life of the option is 1 year. The exercise period is one year from the date of vesting as per the ESOP scheme; hence the maximum life is 2 years. The expected life is the average of minimum and maximum life, i.e. 1.5 years [(1 + 2) / 2]. The time to maturity for the remaining vests has been calculated in a similar manner.

F. Expected dividend yield:

Expected dividend yield is dividend per share divided by market price per share.

The Expected dividend yield of the Company over the life of the option is estimated considering the Company's past dividend policy.

Employee-benefit expenses to be recognised in the Standalone Financial Statements

The Company has recorded employee stock-based compensation expense of ₹ 490.18 Lakhs in the Statement of Profit and Loss relating to the options granted to the employees of the Company for the year ended 31 March 2018.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 32:

SEGMENT REPORTING

Segment information based on Standalone Financial Statements, as required by the Accounting Standard 17 "Segment Reporting" as prescribed under Section 133 of the Companies Act, 2013, is as follows:

(₹ in Lakhs)

Particulars		Year ended	
		31 March 2018	**31 March 2017**
1	**Segment Revenue**		
A	- Wind power generation	**248.27**	354.53
B	- Investments (Securities and Properties)	**7,787.30**	4,440.74
C	- Real Estate	**-**	N.A.
	Net Sales / Income from Operations	**8,035.57**	4,795.27
2	**Segment Results**		
	Profit (+) / Loss (-) before tax and interest from each segment		
A	- Wind power generation	**(68.17)**	155.04
B	- Investments (Securities and Properties)	**6,106.31**	3,666.63
C	- Real Estate	**-**	N.A.
	Total	**6,038.14**	3,821.67
	Add / (Less):		
	Other Unallocable income / (expenditure) net of unallocable (expenditure) / income	**(153.84)**	(75.34)
	Total Profit Before Tax	**5,884.30**	3,746.33
3	**Total carrying amount of segment / corporate assets**		
A	- Wind power generation	**1,049.14**	1,234.73
B	- Investments (Securities and Properties)	**77,052.60**	76,188.57
C	- Real Estate	**17.50**	N.A.
D	- Unallocable corporate assets	**3,899.13**	724.81
	Total assets	**82,018.37**	78,148.11
4	**Total amount of segment / corporate liabilities**		
A	- Wind power generation	**177.98**	173.38
B	- Investments (Securities and Properties)	**1,955.54**	1,770.17
C	- Real Estate	**-**	N.A.
D	- Unallocable corporate liabilities	**199.41**	222.13
	Total liabilities	**2,332.93**	2,165.68

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

Particulars		Year ended	
		31 March 2018	31 March 2017
5	**Capital Employed**		
	(Segment assets - Segment liabilities)		
A	- Wind power generation	**871.16**	1,061.35
B	- Investments (Securities and Properties)	**75,097.06**	74,418.40
C	- Real Estate	**17.50**	N.A.
D	- Unallocable corporate assets less liabilities	**3,699.72**	502.68
	Total capital employed in the Company	**79,685.44**	75,982.43
6	**Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period**		
A	- Wind power generation	**1.65**	1.84
B	- Investments (Securities and Properties)	**142.46**	22.92
C	- Real – Estate	**-**	N.A.
D	- Unallocable corporate assets	**2,609.55**	-
	Total assets acquired	**2,753.66**	24.76
7	**Depreciation and Amortisation**		
A	- Wind power generation	**63.22**	63.43
B	- Investments (Securities and Properties)	**49.05**	34.93
C	- Real Estate	**-**	N.A.
D	- Unallocable Corporate Depreciation	**45.32**	1.97
	Total Depreciation and Amortisation	**157.59**	100.33



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 33:

RELATED PARTY DISCLOSURE

Related parties, as defined under Clause 3 of Accounting Standard (AS 18) "Related Party Disclosures" prescribed under Section 133 of the Companies Act, 2013, have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board of Directors. Disclosures of transactions with Related Parties are as under:

(a) Name of the related party and nature of relationship (as per AS – 18):

1. Subsidiary		
- Kirloskar Ferrous Industries Limited		
2. Key Management Personnel and their relatives		
Key Management Personnel		**Relatives of Key Management Personnel and relationship**
Name	**Designation**	
Mahesh Chhabria	Managing Director	None
Aditi Chirmule	Executive Director	None

Related Party Transactions:

(₹ in Lakhs)

Nature of transaction	**Year**	**Subsidiary**	**Associate**	**Key Management Personnel**
Expenses rendering of services	**2017-18**	**--**	**--**	**332.15**
	2016-17	--	--	72.94
Reimbursement of expenses received	**2017-18**	**--**	**--**	**--**
	2016-17	0.29	--	--
Dividend	**2017-18**	**1,236.26**	**--**	**4.38**
	2016-17	--	--	--
Licensing fees received	**2017-18**	**4.80**	**--**	**--**
	2016-17	4.80	--	--
Outstanding as at 31 March				
Payable	**2018**	**2.40**	**--**	**130.45**
	2017	2.40	--	15.35
Investments	**2018**	**17,526.26**	**--**	**--**
	2017	17,526.26	--	--

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 34:

PROPERTY LICENSING FEES

a. The Property licensing fees (Other Income) recognised in the Statement of Profit and Loss during the year amounts to ₹ 3,238.51 Lakhs (₹ 3,235.27 Lakhs for FY 2016-17). The details of future minimum license fees receivable are as under:

(₹ in Lakhs)

Particulars	**As at 31 March 2018**	As at 31 March 2017
Minimum License Fees Receipts:		
Not later than one year	**1,418.21**	3,228.41
Later than one year but not later than five years	**122.30**	1,395.12
Later than five years	**-**	-
Total	**1,540.51**	4,623.53

b. The rent expenses charged in the Statement of Profit and Loss during the year amounts to ₹ 27.55 Lakhs (₹ 5.18 Lakhs for FY 2016-17) and the details of future minimum rent payable are as under:

(₹ in Lakhs)

Particulars	**As at 31 March 2018**	As at 31 March 2017
Minimum Rent Payments:		
Not later than one year	**35.05**	24.86
Later than one year but not later than five years	**95.98**	47.57
Later than five years	**-**	-
Total	**131.03**	72.43

NOTE 35:

EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Net Profit after tax as per the Statement of Profit and Loss (₹ in Lakhs) (A)	**5,298.18**	2,882.41
Total number of equity shares at the end of the year (B)	**97,08,650**	97,08,650
Total number of diluted equity shares at the end of the year (C)	**97,10,298**	97,08,650
Basic Earnings Per Share (in ₹) (Nominal value of ₹ 10 per share) (A) / (B)	**54.57**	29.69
Diluted Earnings Per Share (in ₹) (A) / (C)	**54.56**	29.69

NOTE 36:

The Board of Directors have proposed Final Dividend of ₹ 21 for the Financial Year 2017-18 (i.e., 210%) (₹ 20 per equity share for FY 2016-17)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 37:

On the basis of information available with the Company regarding the status of suppliers as defined under the "Micro Small and Medium Enterprises Development Act, 2006", there are no suppliers covered under the above mentioned Act and hence the question of provision or payment of interest and related disclosures under the said Act does not arise.

NOTE 38:

DEFERRED TAX LIABILITIES / ASSETS (NET):

As required by Accounting Standard (AS 22) "Accounting for Taxes on Income" prescribed under Section 133 of Companies Act, 2013, the Company has recognised deferred taxes on timing differences excluding the timing difference which reverse fully during the tax holiday period in view of Accounting Standards Interpretation (ASI) - 3 (Revised) "Accounting for Taxes on Income in the situations of Tax Holiday under Sections 80-IA and 80-IB of the Income Tax Act, 1961".

(₹ in Lakhs)

Particulars	**As at 31 March 2018**	As at 31 March 2017
Deferred Tax Liabilities		
- Property, Plant and Equipment	**185.29**	181.43
Deferred Tax Assets		
- Disallowances under Income Tax Act, 1961	**96.73**	26.23
Deferred Tax Liability / (Asset) (Net)	**88.56**	155.20

NOTE 39:

EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (CSR ACTIVITIES)

a. As per Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 61.06 Lakhs as expenditure on CSR Activities during the FY 2017-18 (₹ 59.72 Lakhs in the FY 2016-17).

b. Details of amount spent during the year on:

(₹ in Lakhs)

Sr. No.	**Particulars**	**As at 31 March 2018**	**As at 31 March 2017**
(i)	**Construction / acquisition of any asset**		
	- Amount already incurred	**15.07**	-
	- Amount yet to be incurred	**-**	-
(ii)	**On purposes other than (i) above**		
	- Amount already incurred	**47.63**	60.91
	- Amount yet to be incurred	**-**	-
	Total	**62.70**	60.91

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 40:

PROVISIONS

The disclosure required by Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, is as follows:

(₹ in Lakhs)

Class of Provision	Opening balance as on April 1, 2017	Provisions for the year	Amounts used during the year	Closing balance as on March 31, 2018
Provision for decommissioning and Restoration*	**150.44**	**12.77**	-	**163.21**

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

Expected timing of resulting outflow: Substantial costs will be incurred at the end of useful life of windmills.

NOTE 41:

DISCLOSURES REQUIRED AS PER REGULATIONS 34(3) AND 53(F) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

(₹ in Lakhs)

Name of the Company	Loans and Advances		Investments	
	Amount outstanding as at 31 March 2018	Maximum balance outstanding during the year	Amount outstanding as at 31 March 2018	Maximum balance outstanding during the year
Subsidiary				
Kirloskar Ferrous Industries Limited	--	--	17,526.26	17,526.26

There are no loans and advances in the nature of loans to firms / companies in which Directors are interested.

NOTE 42:

Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

As per our attached report of even date

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

U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

For and on behalf of the Board of Directors

MAHESH CHHABRIA
Managing Director
DIN 00166049

ADITI CHIRMULE
Executive Director
DIN 01138984

ASHWINI MALI
Company Secretary
ACS 19944

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 17 May 2018



Form AOC-1

STATEMENT PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT, 2013, RELATING TO SUBSIDIARY COMPANIES :

Part "A" : Subsidiaries

(₹ in Lakhs)

1	Name of the Subsidiaries	**Kirloskar Ferrous Industries Limited**
2	The date since when subsidiary was acquired	**May 31, 2013**
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	N.A
4	Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A
5	Share Capital	6,865.40
6	Reserves and Surplus	52,383.31
7	Total Assets	1,20,043.36
8	Total Liabilities	60,794.65
9	Investments	0.98
10	Turnover	1,68,854.63
11	Profit Before Taxation	5,346.54
12	Provision for Taxation	1,610.25
13	Profit after taxation	3,736.29
14	Proposed Dividend	1,716.35
15	% of Shareholding	51.45%
16	Names of subsidiaries which are yet to commence operations	-
17	Names of subsidiaries which have been liquidated or sold during the year	-

As per our attached report of even date

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

U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

For and on behalf of the Board of Directors

MAHESH CHHABRIA
Managing Director
DIN 00166049

ADITI CHIRMULE
Executive Director
DIN 01138984

ASHWINI MALI
Company Secretary
ACS 19944

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 17 May 2018

STATEMENT PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT, 2013, RELATING TO ASSOCIATES AND JOINT VENTURES :

Part "B" : Associates and Joint Ventures

1	Name of Associates	**Not Applicable**
2	Latest audited Balance Sheet date;	
3	Date on which the Associate was associated or acquired;	
4	Shares of Associate held by the Company on the year end;	
5	Amount of investment in Associates (Rs. in Lakhs)	
6	Extent of holding (in percentage);	
7	Description of how there is significant influence;	
8	Reason why the Associate / Joint Venture is not consolidated;	
9	Net worth attributable to shareholding as per latest Audited Balance Sheet;	
10	Profit or Loss for the year;	
	Considered in Consolidation;	
	Not Considered in Consolidation;	
11	Names of Associates which are yet to commence operations;	
12	Names of Associates which have been liquidated or sold during the year;	

Note :

For the Financial Year ending March 31, 2018, the Company has no Joint Venture and Associate.

As per our attached report of even date

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

U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

For and on behalf of the Board of Directors

MAHESH CHHABRIA
Managing Director
DIN 00166049

ADITI CHIRMULE
Executive Director
DIN 01138984

ASHWINI MALI
Company Secretary
ACS 19944

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 17 May 2018



CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

To,

The Members of Kirloskar Industries Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Kirloskar Industries Limited ("the Holding Company") and its subsidiary (Kirloskar Ferrous Industries Limited) (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information ("the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013, ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the 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 there under.

We conducted our audit 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 Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the 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 consolidated state of affairs of the Group as at March 31, 2018 and their Consolidated Profit and their Consolidated Cash Flows for the year ended on that date.



Other Matters

We did not audit the Financial Statements of the Subsidiary, whose Financial Statements reflect total assets of ₹ 1,20,040.96 Lakhs as at March 31, 2018, total revenues of ₹ 1,69,371.35 Lakhs and net cash outflows amounting to ₹ 740.65 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements.

These Financial Statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of Sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidation of the Financial Statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018, taken on record by the Board of Directors of the Holding Company and the report of the Statutory Auditor of its subsidiary, none of the directors of the Group companies, is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting refer to our separate report in “Annexure 1” to this Report;

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

i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group, Refer Note 35 to the Consolidated Financial Statements;

ii. The Group 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 Group.

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

Sd/-
U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

‘Annexure 1’ to the Independent Auditor’s Report of Even Date on the Consolidated Financial Statements of Kirloskar Industries Limited

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

To,

The Members of Kirloskar Industries Limited

In conjunction with our audit of the Consolidated Financial Statements of Kirloskar Industries Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Kirloskar Industries Limited (hereinafter referred to as the “Holding Company”) and its subsidiary as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely



detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary have maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, in so far as it relates to the subsidiary is based on the corresponding report of the auditor of such subsidiary.

Our opinion has not been modified in respect of the above matter.

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

Sd/-
U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

(₹ in Lakhs)

		Note No.	As at 31 March 2018	As at 31 March 2017
I.	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
(a)	Share capital	3	**970.87**	970.87
(b)	Reserves and surplus	4	**91,671.97**	87,460.28
2	**Minority Interest**		**28,765.25**	28,285.15
3	**Non-current liabilities**			
(a)	Deferred tax liability (Net)	5	**8,352.66**	8,203.28
(b)	Other Long term liabilities	6	**23.04**	1,585.92
(c)	Long-term provisions	7	**426.00**	358.87
4	**Current liabilities**			
(a)	Short-term borrowings	8	**7,238.92**	9,687.55
(b)	Trade payables	9	**35,805.52**	16,390.47
(c)	Other current liabilities	10	**10,890.80**	4,542.38
(d)	Short-term provisions	11	**388.08**	352.59
	TOTAL		**1,84,533.11**	1,57,837.36
II.	**ASSETS**			
1	**Non-current assets**			
(a)	Property, Plant and Equipment	12	**58,881.65**	57,667.24
(b)	Intangible assets	12	**397.21**	418.24
(c)	Capital work-in-progress		**7,568.30**	1,906.18
(d)	Non-current investments	13	**52,131.53**	51,112.72
(e)	Long-term loans and advances	14	**3,878.28**	2,912.06
(f)	Other non-current assets	15	**23.17**	77.38
2	**Current assets**			
(a)	Current investments	16	**4,423.00**	-
(b)	Inventories	17	**21,719.38**	12,187.71
(c)	Trade receivables	18	**29,203.31**	19,773.26
(d)	Cash and Bank Balances	19	**3,040.28**	8,400.08
(e)	Short-term loans and advances	20	**2,615.72**	2,617.55
(f)	Other current assets	21	**651.28**	764.94
	TOTAL		**1,84,533.11**	1,57,837.36

Notes forming part of the Consolidated Financial Statements: Note No. 1 to 40

As per our attached report of even date

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

U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

For and on behalf of the Board of Directors

MAHESH CHHABRIA
Managing Director
DIN 00166049

ADITI CHIRMULE
Executive Director
DIN 01138984

ASHWINI MALI
Company Secretary
ACS 19944

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 17 May 2018



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

(₹ in Lakhs)

		Note No.	2017-18	2016-17
I.	**Revenue from operations (Gross)**	22	**1,73,428.11**	1,28,134.89
	Less : Excise Duty		**4,325.60**	14,410.96
	Revenue from operations (Net)		**1,69,102.51**	1,13,723.93
II.	**Other income**	23	**7,067.27**	4,994.04
III.	**Total Revenue (I + II)**		**1,76,169.78**	1,18,717.97
IV.	**Expenses:**			
	Cost of material consumed	24	**1,04,440.61**	60,153.97
	Purchases of stock-in-trade		**5,986.17**	-
	Changes in inventories of finished goods, work-in-progress and by-product	25	**25.48**	(1,481.71)
	Cost of Renewable Energy Credit		**6.89**	8.99
	Employee benefits expense	26	**9,143.03**	7,461.69
	Finance costs	27	**1,162.15**	1,365.70
	Operating and Other expenses	28	**40,032.76**	30,392.27
	Depreciation and amortisation expense	29	**5,110.54**	4,687.59
	Corporate Social Responsibility activities		**267.58**	237.30
V	**Total expenses**		**1,66,175.21**	1,02,825.80
VI	**Profit before exceptional and extraordinary items and tax (III-V)**		**9,994.57**	15,892.17
VII	**Exceptional Items**		**-**	-
VIII	**Profit before extraordinary items and tax (VI-VII)**		**9,994.57**	15,892.17
IX	**Extraordinary Items**		**-**	-
X	**Profit / (Loss) before tax (VIII-IX)**		**9,994.57**	15,892.17
XI	**Tax expense/ (income):**			
	Current Tax			
	Current Year		**2,146.15**	4,190.17
	Short / (Excess) provision of earlier years		**(45.92)**	(301.30)
	Deferred Tax		**149.38**	186.57
	MAT Credit Entitlement for earlier years		**(53.26)**	(122.40)
	Total		**2,196.35**	3,953.04
XII	Profit / (Loss) for the year (X-XI)		**7,798.22**	11,939.13
XIII	Less: Share in pre-acquisition profits adjusted in computation of Goodwill on acquisition of additional equity shares of subsidiary		**-**	1.81
XIV	Less: Minority Interest		**1,813.97**	4,397.04
XV	Share of Profit/ (loss) of Associate		**-**	-
XVI	Profit / (loss) after tax, minority interest, share in pre-acquisition profits and share of associate		**5,984.25**	7,540.28
XVII	Earnings per equity share [Nominal value of Share ₹ 10/- (₹ 10/-)]			
	Basic		**61.64**	77.66
	Diluted		**61.63**	77.66

Notes forming part of the Consolidated Financial Statements: Note No. 1 to 40

As per our attached report of even date

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

U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

For and on behalf of the Board of Directors

MAHESH CHHABRIA
Managing Director
DIN 00166049

ASHWINI MALI
Company Secretary
ACS 19944

ADITI CHIRMULE
Executive Director
DIN 01138984

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 17 May 2018

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

		2017-18	2016-17
A.	**CASHFLOW FROM OPERATING ACTIVITIES**		
	Profit before tax:	**9,994.57**	15,892.17
	Add:		
	Depreciation and amortisation	**5,110.54**	4,687.59
	Loss on sale of fixed assets	**141.46**	0.75
	Periodic unwinding of discount	**12.77**	11.77
	Provision for doubtful debts	**(36.52)**	19.95
	Bad debts written off	**99.48**	0.25
	Finance cost	**1,162.15**	1,365.70
	Employees Stock Option Expense	**634.55**	-
		7,124.43	6,086.01
	Less:		
	Profit on sale of investment	**1,092.47**	25.22
	Gain on sale of fixed assets	**3.91**	-
	Excess provision for expenses / Sundry credit balances written back	**193.87**	133.95
	Interest earned	**515.10**	812.86
	Dividend on investments	**1,853.26**	712.90
	Income from licensing of property	**3,233.71**	3,230.47
	Rental income	**7.48**	11.79
	Unrealised foreign exchange gains	**1.28**	2.70
		6,901.08	4,929.89
	Operating profit before working capital changes	**10,217.92**	17,048.29
	Changes in working capital		
	Increase / (Decrease) in trade payables	**19,270.74**	2,940.17
	Increase / (Decrease) in long term provisions	**54.35**	30.84
	Increase / (Decrease) in short term provisions	**142.77**	(157.97)
	Increase / (Decrease) in other current liabilities	**918.74**	807.13
	Decrease / (increase) in trade receivables	**(9,443.91)**	(5,803.00)
	Decrease / (increase) in inventories	**(9,531.67)**	(2,887.83)
	Decrease / (increase) in long-term loans and advances	**128.17**	(20.68)
	Decrease / (increase) in short-term loans and advances	**1.81**	207.58
	Decrease / (increase) in other current assets	**(10.82)**	74.20
	Decrease / (increase) in other non current assets	**(17.50)**	-
	Sub Total	**1,512.68**	(4,809.56)
	Net cash generated / (utilised) from operations	**11,730.60**	12,238.73
	Direct Taxes Paid	**(2,636.79)**	(3,419.20)
	NET CASH GENERATED / (UTILISED) FROM OPERATING ACTIVITIES	**9,093.81**	8,819.53
B.	**CASHFLOW FROM INVESTING ACTIVITIES**		
	Add:		
	Sales proceeds of fixed assets	**75.12**	102.46
	Sale of investments	**1,095.62**	33.78
	Interest received	**595.35**	701.36
	Dividend received	**1,853.26**	712.90
	Licensing of property	**3,231.31**	3,230.54
	Rental income	**7.48**	11.79
	Realisation of bank deposits	**4,390.21**	-
	Security deposit	**2.90**	9.84
	Sub total	**11,251.25**	4,802.67



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

		2017-18	2016-17
	Less:		
	Purchase of investments	**(5,378.83)**	(27.47)
	Addition to investment properties	**(98.00)**	-
	Investments in bank deposits (having original maturity of more than three months) (Net)	**-**	(2,378.33)
	Purchase of fixed assets including capital work in progress and capital advances	**(8,845.75)**	(7,512.61)
	Sub total	**(14,322.58)**	(9,918.41)
	NET CASH GENERATED / (UTILISED) FROM INVESTING ACTIVITIES	**(3,071.33)**	(5,115.74)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Dividend paid	**(3,066.32)**	(110.03)
	Tax on dividend	**(632.79)**	-
	Fractional shareholding entitlement paid	**(0.01)**	-
	Increase / (Decrease) in Cash Credit	**(2,448.63)**	(136.91)
	Proceeds from long term borrowings (Net)	**-**	(1,000.00)
	Interest and other borrowing cost paid	**(916.32)**	(1,550.13)
	NET CASH GENERATED / (UTILISED) IN FINANCING ACTVITIES	**(7,064.07)**	(2,797.07)
D.	Net Increase / (Decrease) In Cash And Cash Equivalents	**(1,041.59)**	906.72
E.	Cash and Cash Equivalents at the beginning of the year	**1,676.42**	769.70
	Add: on account of addition on acquisition of subsidiary	**-**	-
	Adjusted Cash and Cash Equivalents at the beginning of the year after addition of balances of Subsidiary	**1,676.42**	769.70
F.	**Cash and Cash Equivalents at the end of the year**	**634.83**	1,676.42
	COMPONENTS OF CASH AND CASH EQUIVALENTS		
	Cash on hand	**0.53**	1.28
	With banks -		
	- on current accounts	**256.17**	971.52
	- on deposit accounts	**-**	367.50
	- unclaimed dividend accounts / fractional entitlement *	**378.13**	336.12
	Total Cash and Cash Equivalents	**634.83**	1,676.42

* The Company can utilise these balances only towards settlement of the respective unclaimed dividend and unclaimed fractional entitlement.

Notes:

1 The above Cash Flow Statement has been prepared under the indirect method setout in Accounting Standard (AS)-3, 'Cash Flow Statement' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

2 Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.

3 All figures in brackets indicate outflow.

As per our attached report of even date

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

U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

For and on behalf of the Board of Directors

MAHESH CHHABRIA
Managing Director
DIN 00166049

ADITI CHIRMULE
Executive Director
DIN 01138984

ASHWINI MALI
Company Secretary
ACS 19944

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 17 May 2018

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

SIGNIFICANT ACCOUNTING POLICIES

NOTE 1:

BASIS OF PREPARATION

The Consolidated Financial Statements relate to Kirloskar Industries Limited (the Company) and its subsidiary. The Company and its subsidiary constitute the Group. The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in India, including Accounting Standards ('AS') as specified under Section 133 of the Companies Act, 2013 (the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of the Act. The Financial Statements have been prepared under the historical cost convention on an accrual basis.

NOTE 2:

1. BASIS OF CONSOLIDATION

i. The Financial Statements of the Subsidiary used in the consolidation are drawn up to the same reporting date as of the Company i.e., year ended March 31, 2018 and are prepared based on the accounting policies consistent with those used by the Company.

ii. The Financial Statements of the Group have been prepared in accordance with the AS 21 - 'Consolidated Financial Statements' as specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules 2014, the relevant provisions of the Act and other generally accepted accounting principles in India.

iii. The Consolidated Financial Statements have been prepared on following basis:

a. The Financial Statements of the Company and its subsidiary have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits and losses, if any.

b. The excess of cost to the Company of its investments in the subsidiary over its share of equity of the subsidiary, at the date on which the investment in the subsidiary is made, is recognised as 'Goodwill' being an asset in the Consolidated Financial Statements. Alternatively, where the share of equity in the subsidiary as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the Consolidated Financial Statements.

c. Minority interest, if any, in the net assets of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investment is made by the Company in the subsidiary and further movements in their share in the equity, subsequent to the date of investment as stated above.

d. Minorities' share in Net Profit / Loss of the subsidiary for the year is identified and adjusted against the income of the Group in order to arrive at the Net Profit / Loss attributable to the shareholders of the Company.

e. The Consolidated Financial Statements have been prepared substantially in the same format adopted by the parent to the extent possible, as required by the AS 21 'Consolidated Financial Statements' as specified under Section 133 of the Act.

iv. The Consolidated Financial Statements include results of following Subsidiary. The name, country of incorporation or residence and proportion of ownership interest are as under:

Name of the Company	Country of incorporation	Parent's ultimate holding as on 31.03.2018	Reporting date	Status
Kirloskar Ferrous Industries Limited	India	51.45%	31.03.2018	Subsidiary

2. OTHER ACCOUNTING POLICIES

They are set out in Note 2 Summary of Significant Accounting Policies of the parent Company- Kirloskar Industries Limited.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

3. UNIQUE ACCOUNTING POLICIES ADOPTED BY THE SUBSIDIARY

a. Property, Plant and Equipment

i. Borrowing Costs relating to acquisition and construction of qualifying assets are also included to the extent they relate to the period till such assets are ready to be put to use.

ii. Pre-operative expenditure including trial run expenses comprising of revenue expenses incurred as reduced by the revenue generated during the period up to commencement of commercial production are treated as part of project costs and are capitalised.

b. Depreciation and Amortisation

i. The Company has provided for depreciation using the straight line method, based on the useful lives specified in Schedule II Part C to the Companies Act, 2013, except in case of the following assets:

Description		Useful life considered	Useful life as per Schedule II to the Companies Act, 2013	Justification for deviation
Plant and Equipments:				
a)	Sinter Plant	20 years	10 years	Based on past history of usage and supported by Technical Evaluation Report
b)	Blast Furnace and allied Machineries used in manufacture of Pig Iron	20 years	10 years	
c)	Foundry Machineries	20 years	25 years	
d)	Turbo Generator	20 years	40 years	
e)	Plant and Equipments under lease	5 Years	15 years	
Office Equipments				
Equipment installed at employee's residence		3 Years	5 years	As per the terms of Company's policy
Vehicles				
Vehicles given to employees		5 years	8 years	As per the terms of Company's policy

ii. Leasehold land is not depreciated due to the conversion option available in the lease agreement and management's intention of opting the same.

iii. Depreciation on additions (other than land) is provided from the date of acquisition / purchase.

iv. In the event of sale / retirement of assets, depreciation is provided up to the date of sale / retirement.

v. The Mining Right acquired by the Company is amortised over 11 years being the period of lease.

vi. Computer software recognised as intangible asset is amortised on straight line method over an estimated useful life of 6 years.

vii. Spares and Parts are depreciated based on the assessed useful life by the management.

c. Operating leases

Where the Company is 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 as expenses in the Statement of Profit and Loss.

Where the Company is a 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 and assets subjected to operating leases are included in the fixed assets. Receipts under operating leases are recognised as Income in the Statement of Profit and Loss.

Lease income / payment in respect of "Operating Lease" are recognised in the statement of profit and loss on a straight-line basis over the lease period.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

d. Inventories

i. Raw Materials, Stores and Spares are valued at lower of cost and net realisable value. Cost is determined using Weighted Average method.

ii. Work in process is valued at cost. Finished goods other than by-products are valued at lower of cost and net realisable value. Cost includes cost of raw material, conversion cost and other cost incurred in bringing the inventories to their present location and condition. Cost is arrived at by absorption cost method.

iii. By-products are valued at net realisable value.

iv. 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.

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

e. Foreign Currency Transactions

i. Initial Recognition: Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

ii. Conversion: Monetary items denominated in foreign currencies other than those covered by forward contracts are reinstated into rupee equivalents at the exchange rates as on the reporting date and the resultant exchange difference, are recognised in the Statement of Profit and Loss account for the year.

iii. Forward Exchange Contracts: In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the date of the transaction is recognised as discount or premium over the period of the contract.

f. Revenue Recognition

i. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, which generally coincides with their delivery to customers / customers representatives. Sales reported includes excise duty and excludes discounts, rebates, returns, sales tax and value added tax.

ii. All other incomes are accounted for on accrual basis.

g. Borrowing Costs

Borrowing costs are charged to the Statement of Profit and Loss Account except in cases where the borrowings are directly attributable to the acquisition, construction or production of qualifying asset in which case they are capitalised.

Exchange Differences: Exchange difference arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs as per AS 16 Borrowing Costs.

h. Excise Duty

Excise Duty in respect of goods manufactured by the Company is accounted on accrual basis.

i. Employee Benefits

Defined Benefit Plans:

The employee's gratuity fund scheme, long term compensated absences is company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

j. Research and Development Expenses

Revenue expenditure on the Research and Development is charged off as expense in the year in which incurred. Capital expenditure is grouped with Property, Plant and Equipment and Intangible Assets under appropriate heads and depreciation is provided as per the rates applicable.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 3:

SHARE CAPITAL

(a) Authorised, Issued, Subscribed and Paid up Share Capital and Par value per share:

Particulars	**As at 31 March 2018**		As at 31 March 2017	
	Nos.	**(₹ in Lakhs)**	Nos.	(₹ in Lakhs)
Authorised Equity Shares of ₹ 10 each	**5,00,00,000**	**5,000.00**	5,00,00,000	5,000.00
Issued and Subscribed Equity Shares of ₹ 10 each	**97,08,650**	**970.87**	97,08,650	970.87
Called up and Paid up Equity Shares of ₹ 10 each fully paid up	**97,08,619**	**970.87**	97,08,619	970.87
Share Capital Suspense Account* Equity Shares of ₹ 10 each fully paid up	**31**	**-**	31	-
Total	**97,08,650**	**970.87**	97,08,650	970.87

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

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

Particulars	**As at 31 March 2018**		As at 31 March 2017	
	Nos.	**(₹ in Lakhs)**	Nos.	(₹ in Lakhs)
Shares outstanding at the beginning of the year	**97,08,650**	**970.87**	97,08,650	970.87
Add: Shares issued during the year	**-**	**-**	-	-
Less: Shares bought back during the year	**-**	**-**	-	-
Shares outstanding at the end of the year	**97,08,650**	**970.87**	97,08,650	970.87

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
India Capital Fund Limited	**9,59,117**	**9.72%**	9,43,439	9.72%
Atul Chandrakant Kirloskar #	**16,35,300**	**16.84%**	16,35,300	16.84%
Rahul Chandrakant Kirloskar # #	**16,21,688**	**16.70%**	16,21,688	16.70%
Gautam Achyut Kulkarni	**-**	**-**	16,30,386	16.79%
Arti Atul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%
Jyotsna Gautam Kulkarni # # #	**23,57,184**	**24.28%**	7,26,798	7.49%
Alpana Rahul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%

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

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

\# # # Includes transmission on demise of Mr. Gautam Achyut Kulkarni.

(d) Details of Allotment of Shares for consideration other than cash, allotments of Bonus Shares and Shares bought back:

Particulars	Financial Year (Aggregate No. of Shares)				
	2017-18	**2016-17**	**2015-16**	**2014-15**	**2013-14**
Equity Shares :					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares bought back	-	-	-	-	-

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



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 4:		
RESERVES AND SURPLUS		
Capital Reserve:		
Balance as per last account	**4,283.54**	4,298.37
Less: Adjustment on account of acquisition of additional equity shares in subsidiary*	**-**	14.83
Closing Balance	**4,283.54**	4,283.54
General Reserves:		
Balance as per last account	**33,290.52**	33,033.37
Add: Transfer from surplus of Statement of Profit and Loss	**257.25**	257.15
Closing Balance	**33,547.77**	33,290.52
Share Options Outstanding Account:	**564.46**	-
Surplus / (deficit) in the Statement of Profit and Loss:		
Balance as per last account	**49,886.22**	42,603.09
Add: Net Profit transferred from Statement of Profit and Loss	**5,984.25**	7,540.28
Amount available for appropriation	**55,870.47**	50,143.37
Less: Appropriations:		
Transfer to General Reserves	**257.25**	257.15
Final Dividend for F.Y. 2016-17	**1,941.73**	-
Dividend Distribution tax including share of holding company in tax on dividend declared by Subsidiary	**395.29**	-
Net surplus in the Statement of Profit and Loss	**53,276.20**	49,886.22
Total	**91,671.97**	87,460.28

* Includes share in pre-acquisition profit of ₹ 1.81 lakhs transferred from the Statement of Profit and Loss in respect of additional equity shares acquired during the year 2016-17.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 5:		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability:		
Depreciation	**8,947.96**	8,684.54
Others	**1.20**	-
Total liability (a)	**8,949.16**	8,684.54
Deferred Tax Assets		
Disallowance under Income Tax Act, 1961	**490.78**	344.42
Provision for doubtful debts	**105.72**	136.84
Total assets (b)	**596.50**	481.26
Net Deferred Tax Liability (a-b)	**8,352.66**	8,203.28
NOTE 6:		
OTHER LONG TERM LIABILITIES		
Security Deposits	**23.04**	1,585.92
Total	**23.04**	1,585.92
NOTE 7:		
LONG TERM PROVISIONS		
Provision for employee benefits		
Gratuity	**57.34**	41.91
Leave Encashment	**205.45**	166.52
Others provisions	**163.21**	150.44
Provision for Decommissioning and Restoration		
Total	**426.00**	358.87



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 8:		
SHORT TERM BORROWINGS		
Secured		
Loans payable on demand		
- Cash credit from banks	**6,158.72**	6,229.35
Unsecured		
Loans payable on demand		
- Overdraft from bank	**1,080.20**	3,458.20
Total	**7,238.92**	9,687.55

Security for Secured Loans :

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 45,000 Lakhs (₹ 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.

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
Outstanding amount under non fund based limits :		
i. Aggregate value of the amount outstanding under the letters of credit		
- Secured	**11,240.72**	4,789.80
- Unsecured	**13,886.01**	3,319.84
ii. Aggregate value of guarantees outstanding :		
- Secured	**391.60**	351.00
- Unsecured	**499.60**	100.00

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 9:		
TRADE PAYABLES		
Acceptances	**22,836.42**	7,931.63
Open Access Charges payable to MSEDCL	**0.05**	10.50
Others	**12,969.05**	8,448.34
Total	**35,805.52**	16,390.47

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 10:		
OTHER CURRENT LIABILITIES		
Creditors for capital goods:		
i. Acceptances	**383.19**	-
ii. Others	**4,513.09**	1,087.91
Interest Accrued but not due	**0.21**	0.43
Investors Education and Protection Fund will be credited by the following amounts, as and when due		
Unclaimed Equity Dividend	**375.52**	333.48
Unclaimed fractional entitlement	**2.70**	2.72
Security Deposits	**1,607.94**	42.16
Advances from customers	**512.04**	529.83
Employee benefits	**1,275.71**	1,217.83
Commission payable to Directors	**87.58**	90.38
Creditors for expenses and others	**412.29**	431.21
Taxes and duties	**1,576.16**	410.63
Exchange differences on forward contracts (Net)	**-**	357.27
Gratuity to be funded to LIC	**144.37**	38.53
Total	**10,890.80**	4,542.38
NOTE 11:		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity	**0.75**	-
Leave Encashment	**387.33**	352.59
Total	**388.08**	352.59

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 12:

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Property, Plant and Equipment (A)													Intangible Assets (B)			Total (A)+(B)
	Freehold land	Leasehold land	Buildings	Plant and Equipments	Plant and Equipments under Lease	Wind power generators	Diesel Generator set	Furniture and Fixtures	Vehicles	Office equipments	Computers	Electrical Installations	Total (A)	Mining Rights	Computer software	Total (B)	
Gross Block																	
Balance as at 1 April 2016	503.10	442.05	16,215.28	74,049.19	7.29	2,629.69	9.39	320.44	386.96	519.60	263.32	7.35	95,353.66	11.50	791.15	802.65	96,156.31
- Additions	-	-	700.62	6,031.12	-	-	-	35.98	159.45	41.10	24.34	-	6,992.61	-	120.52	120.52	7,113.13
- Disposals	-	-	4.70	1,912.39	-	-	-	0.59	53.85	6.23	5.87	-	1,983.63	-	1.93	1.93	1,985.56
Adjustments	-	-	-	(3.51)	-	138.67	-	2.42	-	5.43	(4.35)	-	138.66	-	-	-	138.66
Balance as at 31 March 2017	503.10	442.05	16,911.20	78,164.41	7.29	2,768.36	9.39	358.25	492.56	559.90	277.44	7.35	1,00,501.30	11.50	909.74	921.24	1,01,422.54
- Additions	23.79	-	2,927.75	3,018.42	-	-	-	15.77	274.89	47.68	91.46	-	6,399.76	-	81.46	81.46	6,481.22
- Disposals	-	-	12.92	1,938.13	-	-	-	5.34	21.97	48.04	46.57	-	2,072.97	-	0.74	0.74	2,073.71
-Adjustments	-	-	2,277.27	(2,329.38)	-	-	-	3.72	(11.41)	7.22	8.56	-	(44.02)	-	32.61	32.61	(11.41)
Balance as at 31 March 2018	526.89	442.05	22,103.30	76,915.32	7.29	2,768.36	9.39	372.40	734.07	566.76	330.89	7.35	1,04,784.07	11.50	1,023.07	1,034.57	1,05,818.64
Accumulated Depreciation																	
Balance as at 1 April 2016	-	-	5,038.63	32,307.18	1.47	2,093.81	3.61	141.37	159.19	236.73	185.93	2.43	40,170.35	8.98	377.29	386.27	40,556.62
Depreciation charge for the year	-	-	612.66	3,654.66	0.97	62.73	0.55	30.58	62.08	89.49	29.60	0.81	4,544.13	1.05	117.61	118.66	4,662.79
On disposals	-	-	3.56	1,830.92	-	-	-	0.59	33.53	6.14	5.68	-	1,880.42	-	1.93	1.93	1,882.35
Adjustments	-	-	-	(0.93)	-	-	-	-	0.64	0.29	-	-	-	-	-	-	-
Balance as at 31st March 2017	-	-	5,647.73	34,129.99	2.44	2,156.54	4.16	171.36	188.38	320.37	209.85	3.24	42,834.06	10.03	492.97	503.00	43,337.06
Depreciation charge for the year	-	-	778.49	3,851.39	0.49	62.73	0.55	31.22	102.01	92.26	35.94	0.80	4,955.88	1.05	119.34	120.39	5,076.27
On disposals	-	-	8.53	1,736.10	-	-	-	5.27	19.28	45.65	46.57	-	1,861.40	-	0.74	0.74	1,862.14
Adjustment	-	-	634.79	(661.67)	-	-	-	2.46	(11.41)	5.03	4.68	-	(26.12)	-	14.71	14.71	(11.41)
Balance as at 31st March 2018	-	-	7,052.48	35,583.61	2.93	2,219.27	4.71	199.77	259.70	372.01	203.90	4.04	45,902.42	11.08	626.28	637.36	46,539.78
Net Block																	
Balance as at 31 March 2017	503.10	442.05	11,263.47	44,034.42	4.85	611.82	5.23	186.89	304.18	239.53	67.59	4.11	57,667.24	1.47	416.77	418.24	58,085.48
Balance as at 31 March 2018	526.89	442.05	15,050.82	41,331.71	4.36	549.09	4.68	172.63	474.37	194.75	126.99	3.31	58,881.65	0.42	396.79	397.21	59,278.86



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 13:
NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)

		(₹ in Lakhs)
	As at 31 March 2018	As at 31 March 2017
A. In Investment property	**671.93**	608.19
B. In Equity shares		
Quoted	**51,458.62**	50,503.55
Unquoted	**0.98**	0.98
- Others		
(Net of ₹ 27.33 lakhs for diminution in value of investments)		
Total	**52,131.53**	51,112.72

(₹ in Lakhs)

Particulars	**As at 31 March 2018**	As at 31 March 2017
Market Value of quoted investments	**1,37,722.00**	1,26,367.84

NOTE 14:
LONG TERM LOANS AND ADVANCES

		(₹ in Lakhs)
	As at 31 March 2018	As at 31 March 2017
Capital Advances		
Unsecured, considered good	**744.32**	233.49
Security Deposits		
Unsecured, considered good	**892.30**	951.80
Other advances recoverable in cash or kind		
Unsecured, considered good:		
Minimum Alternate Tax Credit Entitlement	**106.86**	59.86
Advance Income Tax	**2,064.93**	1,528.38
Advance to suppliers	**17.86**	81.07
Loan to employees	**11.26**	11.50
Prepaid expenses	**10.18**	15.39
Unsecured, Considered doubtful	**385.87**	385.87
Less: Provision for Doubtful Advances	**385.87**	385.87
	-	-
Claims receivable		
Unsecured, Considered Good	**30.57**	30.57
Unsecured, Considered doubtful	**-**	45.00
Less: Provision for Doubtful Advances	**-**	45.00
	-	-
Total	**3,878.28**	2,912.06



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 15:		
OTHER NON CURRENT ASSETS		
Fixed Deposits with banks due for realisation after 12 months from the reporting date	**4.81**	76.81
Interest Accrued on Deposits with banks	**0.86**	0.57
Other	**17.50**	-
Total	**23.17**	77.38
NOTE 16 :		
CURRENT INVESTMENTS		
In Debentures and Bonds *	**-**	-
(Net of ₹ 13.20 lakhs for diminution in value of investments)		
In Liquid Mutual Funds	**4,423.00**	-
Total	**4,423.00**	-

Particulars	As at 31 March 2018	As at 31 March 2017
Aggregate carrying cost of unquoted investments	**4,423.00**	-
Aggregate amount of diminution in value of investments	**13.20**	13.20

* In earlier years, the Company had purchased 30,000 debentures of The Mysore Kirloskar Limited for ₹ 13.20 lakhs with an intention of holding the same for more than one year. Accordingly, the Company had classified the same as long term investment under Accounting Standard 13 - Accounting for Investments. Since the debentures have already matured on 1 June 1999, the Company has presented the same as "Current Maturities of Long term investments".

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 17:		
INVENTORIES		
Raw material at site	**5,170.84**	3,202.97
Raw material in transit	**8,519.39**	1,443.51
Work-in-progress	**3,299.01**	2,941.76
Finished goods	**791.96**	1,186.57
Stores and spares	**3,822.77**	3,307.72
By-products	**115.41**	103.53
Renewable Energy Certificates	**-**	1.65
Total	**21,719.38**	12,187.71
Details of Work-in-progress		
Castings	**2,527.90**	2,139.22
Patterns	**614.98**	701.94
Others	**156.13**	100.60
Total	**3,299.01**	2,941.76
Details of Finished Goods		
Pig iron	**356.48**	965.37
Castings	**435.48**	221.20
Total	**791.96**	1,186.57
NOTE 18:		
TRADE RECEIVABLES		
Outstanding for more than six months from the date they were due for payment		
Unsecured, Considered good	**556.31**	314.94
Unsecured, Considered Doubtful	**267.54**	350.37
Less: Provision for Doubtful Receivables	**267.54**	350.37
	-	-
Others*		
Unsecured, Considered good	**28,647.00**	19,458.32
Total	**29,203.31**	19,773.26

* Net of Sales bills discounted ₹ Nil (₹ 1,426.33 lakhs)



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 19:		
CASH AND BANK BALANCES		
Cash and Bank Balances		
Balances with Banks:		
On Current Accounts	**256.17**	971.52
Fixed Deposits having original maturity less than 3 months	**-**	367.50
Earmarked balances:		
Unclaimed Dividend Accounts	**375.43**	333.40
Unclaimed fractional shareholdings account	**2.70**	2.72
Cash on hand	**0.53**	1.28
	634.83	1,676.42
Other Bank Balances:		
Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date	**2,405.45**	6,723.66
Non current Bank balances:		
Fixed Deposits with banks due for realisation after 12 months from the reporting date	**3.44**	75.44
Margin money deposit	**1.37**	1.37
	4.81	76.81
Less: Disclosed under Other non-current assets (Refer note 15)	**4.81**	76.81
Total	**3,040.28**	8,400.08
NOTE 20:		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash / kind	**1,279.86**	775.66
Balances with Government Authorities	**1,204.66**	1,708.56
Prepaid expenses	**122.14**	129.98
Others	**9.06**	3.35
Total	**2,615.72**	2,617.55

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 21:		
OTHER CURRENT ASSETS		
Unbilled revenue From Wind power		
Unsecured ,considered good	**366.94**	434.06
Unsecured ,considered doubtful	**46.32**	-
Less : Provision for Doubtful Receivables	**46.32**	-
	-	-
Interest accrued on deposits with banks	**187.82**	268.36
Exchange difference on Forward Contracts (net)	**32.69**	-
Deferred premium on Forward Contracts	**15.33**	61.34
Other receivables	**48.50**	1.18
Total	**651.28**	764.94

(₹ in Lakhs)

	2017-18	2016-17
NOTE 22:		
REVENUE FROM OPERATIONS		
Sale of products:		
Pig Iron	**88,454.40**	66,506.03
Casting	**71,935.20**	58,442.21
By-products	**2,293.87**	2,172.66
Sale of Wind power	**128.91**	276.21
Sale of Renewable Energy Credit	**118.96**	76.80
Total (a)	**1,62,931.34**	1,27,473.91
Other Operating Income		
Scrap sales / Miscellaneous income	**10,496.77**	660.98
Total (b)	**10,496.77**	660.98
Revenue from Operations (Gross) (a+b)	**1,73,428.11**	1,28,134.89
Less: Excise Duty (c)	**4,325.60**	14,410.96
Revenue from operations (Net) (a+b-c)	**1,69,102.51**	1,13,723.93



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	2017-18	2016-17
NOTE 23:		
OTHER INCOME		
Interest on bank deposits	**515.10**	812.86
Dividend income - non current Investments	**1,853.26**	712.90
Gain on sale of long term investments in shares / properties (Net)	**1,092.47**	25.22
Gain on sale of fixed assets	**3.91**	-
Other non-operating income		
Property licensing fees	**3,233.71**	3,230.47
Net gain on foreign currency transactions	**0.63**	21.03
Rental income and equipment leasing charges	**7.48**	11.79
Excess provisions for expenses / Sundry credit balances written back	**193.87**	133.95
Insurance claim received	**17.18**	0.80
Miscellaneous Income	**149.66**	45.02
Total	**7,067.27**	4,994.04
NOTE 24:		
COST OF MATERIAL CONSUMED		
Stock at the beginning of the year	**4,646.48**	3,058.02
Add : Purchases	**1,13,484.35**	61,742.43
Less : Stock at the end of the year	**13,690.22**	4,646.48
Cost of material consumed	**1,04,440.61**	60,153.97
Details of Raw Material Consumed:		
Iron Ore	**19,814.28**	12,980.65
Coke	**60,487.45**	35,132.27
M.S. / C.I Scrap	**15,459.70**	7,552.29
Others	**8,679.18**	4,488.76
Total	**1,04,440.61**	60,153.97

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	2017-18	2016-17
NOTE 25:		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT		
Inventory at the end of the year		
Work-in-progress	**3,299.01**	2,941.76
Finished goods	**791.96**	1,186.57
By-products	**115.41**	103.53
Total	**4,206.38**	4,231.86
Inventory at the beginning of the year		
Work-in-progress	**2,941.76**	2,250.66
Finished goods	**1,186.57**	438.00
By-products	**103.53**	61.49
Total	**4,231.86**	2,750.15
(Increase) / Decrease	**25.48**	(1,481.71)
NOTE 26:		
EMPLOYEE BENEFITS EXPENSE		
Salaries and incentives	**7,061.52**	6,216.98
Contributions to :		
Provident Fund and Labour Welfare Fund	**288.57**	252.36
Superannuation	**43.90**	24.75
Gratuity	**223.50**	93.27
Staff welfare expenses	**869.98**	861.50
Employees Stock Option Expense	**634.55**	-
Others	**21.01**	12.83
Total	**9,143.03**	7,461.69
NOTE 27:		
FINANCE COSTS		
Interest	**1,140.55**	1,145.31
Other Borrowing Costs	**21.60**	14.57
Applicable net loss on foreign currency transactions	**-**	205.82
Total	**1,162.15**	1,365.70



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	2017-18	2016-17
NOTE 28:		
OPERATING AND OTHER EXPENSES		
a. Operating Expenses		
Consumption of Stores, Spares and Consumables	**15,605.05**	12,344.86
Power, fuel and water	**13,570.30**	8,790.71
Fettling and other manufacturing expenses	**3,134.81**	2,650.39
Repairs and maintenance		
Machinery	**1,079.71**	1,287.31
Buildings	**213.65**	254.17
Machinery hire charges	**195.14**	143.16
Excise duty on Increase / (Decrease) in closing stock of finished goods	**(150.43)**	83.76
Operation and Maintenance Charges - Windmill	**95.52**	3.90
Transmission and Wheeling Charges	**3.84**	59.90
Other Open Access charges	**20.77**	19.95
Periodic unwinding of discount	**12.77**	11.77
Total (a)	**33,781.13**	25,649.88
b. Selling Expenses		
Freight and forwarding expenses (Net)	**1,124.40**	858.45
Sales commission and incentive	**986.58**	836.39
Royalty	**386.76**	290.25
Advertisement	**15.84**	20.42
Other Selling Expenses	**112.46**	155.37
Total (b)	**2,626.04**	2,160.88
c. Other/ Administrative Expenses		
Security Staff Service	**246.73**	251.70
Legal and Professional Fees	**666.01**	525.21
Electricity charges	**4.81**	3.34
Rates and Taxes	**347.30**	222.82
Repairs and maintenance :		
Property	**69.31**	148.41
Other Assets	**250.40**	229.93
Travelling Expenses	**227.11**	225.10
Communication Expenses	**44.72**	58.61
Printing and Stationery Expenses	**53.76**	74.92
Garden and Site Maintenance	**46.88**	46.28
Commission to Directors	**87.58**	91.40
Director Sitting Fees	**68.21**	27.14
Insurance Charges	**55.01**	44.09
Advertisement and Publicity	**2.59**	2.97
Postage and Courier	**8.23**	7.71
Rent Expense	**99.71**	14.17

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

		(₹ in Lakhs)
	2017-18	2016-17
Adavance / Investments written off	**-**	0.04
Bad debts written off	**99.48**	0.21
Provision for Doubtful Debts / (Provision written back)	**(36.52)**	19.95
Membership Subscription	**8.01**	6.77
Miscellaneous expenses	**610.36**	539.05
Loss on sale / demolition / scrap of assets	**141.46**	0.56
Applicable net loss on foreign currency transactions	**483.63**	-
Payment to auditors for:		
Statutory Audit	**32.00**	30.00
Certification and Other services	**6.00**	5.93
Taxation matters	**1.00**	3.75
Reimbursement of expenses	**1.81**	1.45
Total (c)	**3,625.59**	2,581.51
Total (a+b+c)	**40,032.76**	30,392.27

NOTE 29:
DEPRECIATION AND AMORTISATION EXPENSE

On Property, Plant and Equipment and Intangible Assets	**5,076.27**	4,662.79
On Investment Property	**34.27**	24.80
Total	**5,110.54**	4,687.59

NOTE 30:

Notes on these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such Notes from the individual financial statements, which:

a) are necessary for representing a true and fair view of the Consolidated Financial Statements;

b) the notes involving items, which are considered to be material.

NOTE 31:

Due to the diversity in the nature of business and business environment the Subsidiary operates in, the Accounting Policies most appropriate to each, for reporting Financial Statement have been adopted, hence no adjustments have been made to bring about any uniformity in the Accounting Policies in reporting Consolidated Financial Statement.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 32:

CAPITAL AND OTHER COMMITMENTS

(₹ in Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	**11,351.25**	1,344.16

NOTE 33:

CONTINGENT LIABILITIES NOT PROVIDED FOR

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
1	Disputed central excise demands	**32.26**	146.00
2	Disputed service tax demands	**297.25**	346.06
3	Disputed sales tax demands	**652.64**	653.65
4	Disputed income tax demands	**3,294.43**	2,391.76
5	Provident Fund Matters	**185.33**	185.33
6	Conveyance Deed Charges in respect of property	**21.51**	21.51
7	Labour matters to the extent quantifiable	**39.21**	37.05
8	Sales bills discounted	**-**	1,426.33
9	Bank guarantee	**1.00**	1.00

NOTE 34:

(a) Details of foreign currency exposures that are hedged by derivative instruments or otherwise:

Particulars	Currency	Year	Amount in Foreign Currency	Equivalent Indian Currency (₹ in Lakhs)	Purpose
Payables	USD	**2017-18**	**1,04,13,324**	**6,753.66**	**Hedging the Risk**
		2016-17	1,07,52,982	7,329.09	Hedging the Risk

(b) Details of foreign currency exposures that are not hedged by derivative instruments or otherwise:

(₹ in Lakhs)

Particulars	Currency	Year	Amount in Foreign Currency	Equivalent Indian Currency (₹ in Lakhs)
Advance for Supplies	USD	**2017-18**	**95,508**	**61.97**
		2016-17	27,396	17.80
	EURO	**2017-18**	**1,43,399**	**114.37**
		2016-17	9,936	6.86
Payables	USD	**2017-18**	**1,79,69,588**	**11,710.49**
		2016-17	3,23,140	209.54
	EURO	**2017-18**	**7,20,718**	**577.72**
		2016-17	6,118	4.31

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 35:
SEGMENT REPORTING

(₹ in Lakhs)

	Particulars	Year ended	
		31 March 2018	31 March 2017
1	**Segment Revenue**		
A	- Wind power generation	**248.27**	354.53
B	- Real Estate	**-**	NA
C	- Investments (Securities and Properties)	**6,546.24**	4,435.94
D	- Iron Casting	**1,69,371.35**	1,13,926.17
	Total	**1,76,165.86**	1,18,716.64
	Less: Inter segment revenue	**-**	-
	Net Sales / Income from Operations	**1,76,165.86**	1,18,716.64
2	**Segment Results**		
	Profit (+) / Loss (-) before tax and after interest on 'Iron Casting' Segment		
A	- Wind power generation	**(68.17)**	155.04
B	- Investments (Securities and Properties)	**4,865.24**	3,661.83
C	- Real Estate	**-**	NA
D	- Iron Casting	**6,513.49**	13,516.34
	Total	**11,310.56**	17,333.21
	Add/(Less):		
	Interest	**(1,162.15)**	(1,365.70)
	Other Unallocable income / (expenditure) net off unallocable income / (expenditure)	**(153.84)**	(75.34)
	Total Profit Before Tax	**9,994.57**	15,892.17
3	**Total carrying amount of Segment Assets / Corporate Assets**		
A	- Wind power generation	**1,049.14**	1,234.73
B	- Investments (Securities and Properties)	**59,526.34**	58,662.31
C	- Real Estate	**17.50**	NA
D	- Iron Casting	**1,20,040.97**	97,215.51
E	- Unallocable corporate assets	**3,899.16**	724.81
	Total Segment Assets	**1,84,533.11**	1,57,837.36



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

	Particulars	Year ended	
		31 March 2018	31 March 2017
4	**Total carrying amount of Segment Liabilities / Corporate liabilities**		
A	- Wind power generation	**177.98**	173.38
B	- Investments (Securities and Properties)	**1,953.14**	1,767.77
C	- Real Estate	**-**	NA
D	- Iron Casting	**60,794.48**	38,957.78
E	- Unallocable corporate liabilities	**199.42**	222.13
	Total Segment Liabilities	**63,125.02**	41,121.06
5	**Capital Employed**		
	(Segment Assets - Segment Liabilities)		
A	- Wind power generation	**871.16**	1,061.35
B	- Investments (Securities and Properties)	**57,573.20**	56,894.54
C	- Real Estate	**17.50**	NA
D	- Iron Casting	**59,246.49**	58,257.73
E	- Unallocable corporate assets less liabilities	**3,699.74**	502.68
F	Less: Minority interest	**28,765.25**	28,285.15
	Total capital employed in the Company	**92,642.84**	88,431.15
6	**Total cost incurred during the year to acquire segment assets that are expected to be used during more than a year**		
A	- Wind power generation	**1.65**	1.84
B	- Investments (Securities and Properties)	**142.46**	22.92
C	- Real Estate	**-**	NA
D	- Iron Casting	**3,825.57**	7,088.37
E	- Unallocable corporate assets	**2,609.54**	-
	Total Assets Acquired	**6,579.22**	7,113.13
7	**Depreciation and Amortisation**		
A	- Wind power generation	**63.22**	63.43
B	- Investments (Securities and Properties)	**49.04**	34.93
C	- Real Estate	**-**	-
D	- Iron Casting	**4,952.96**	4,587.26
E	- Unallocable Corporate Depreciation	**45.32**	1.97
	Total Depreciation and Amortisation	**5,110.54**	4,687.59

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 36:

Related parties, as defined under Clause 3 of Accounting Standard (AS 18) "Related Party Disclosures" specified under Section 133 of Companies Act, 2013, have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board of Directors. Disclosures of transactions with Related Parties are as under:

(a) Name of the related party and nature of relationship (as per AS – 18):

Key Management Personnel and their relatives		
Key Management Personnel		**Relatives of Key Management Personnel and relationship**
Name	**Designation**	
Mahesh Chhabria	Managing Director	None
Aditi Chirmule	Executive Director	None
R.V. Gumaste	Managing Director (Kirloskar Ferrous Industries Limited)	None

(b) Related Party Transactions:

(₹ in Lakhs)

Nature of transaction	**Year**	**Key Management Personnel**
Expenses rendering of services	**2017-18**	**609.50**
	2016-17	514.93
Dividend	**2017-18**	**6.11**
	2016-17	-
Outstanding as at 31 March		
Payable	**2018**	**287.65**
	2017	347.15
Investments	**2018**	**-**
	2017	-

NOTE 37:

EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Net Profit after tax as per Statement of Profit and Loss (₹ in Lakhs)	**7,798.22**	11,939.13
Add: Share of Profit /(Loss) of Associate	**-**	-
Less: Minority Interest (₹ in Lakhs)	**1,813.97**	4,397.04
Less: Share in pre-acquisition profits adjusted in computation of Goodwill on acquisition of additional equity shares of subsidiary	**-**	1.81
Net Profit after tax, share in Associate, Minority Interest and share in pre-acquisition profit as per Statement of Profit and Loss (₹ in Lakhs) (A)	**5,984.25**	7,540.28
Total number of equity shares at the end of the year (B)	**97,08,650**	97,08,650
Total number of diluted equity shares at the end of the year (C)	**97,10,298**	97,08,650
Basic and Diluted Earnings Per Share (in ₹) (Nominal value of ₹ 10 per share) (A) / (B)	**61.64**	77.66
Diluted Earnings Per Share (in ₹) (A) / (C)	**61.63**	77.66



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 38:

PROVISIONS

The disclosure required by Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, is as follows:

(₹ in Lakhs)

Class of Provision	Opening balance as on April 1, 2017	Provisions for the year	Amounts used during the year	Closing balance as on March 31, 2018
Casting rejections*	182.93	104.23	182.93	104.23
Provision for Decommissioning and Restoration**	150.44	12.77	-	163.21

* Nature of obligation: Provision for possible obligation towards outflow of resources on casting rejections.

Expected timing of resulting outflow: Substantial costs will be incurred in the next financial year.

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

Expected timing of resulting outflow: Substantial costs will be incurred at the end of useful life of windmills.

NOTE 39:

GENERAL INFORMATION

(₹ in Lakhs)

Name of the Entity	Net Assets, i.e. total assets minus total liabilities		Share in profits or loss	
	As % of Consolidated net assets	Amount (₹)	As % of Consolidated profit / loss	Amount (₹)
1	2	3	4	5
Parent - Kirloskar Industries Limited	51.24	62,156.79	52.69	4,057.13
Indian Subsidiary - Kirloskar Ferrous Industries Limited	25.09	30,486.05	24.37	1,927.12
Minority Interest	23.67	28,765.25	22.94	1,813.97
Total	**100.00**	**121,408.09**	**100.00**	**7,798.22**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

NOTE 40:

Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

As per our attached report of even date

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

U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 17 May 2018

For and on behalf of the Board of Directors

MAHESH CHHABRIA
Managing Director
DIN 00166049

ADITI CHIRMULE
Executive Director
DIN 01138984

ASHWINI MALI
Company Secretary
ACS 19944

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 17 May 2018

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

CIN: L29112PN1978PLC088972

Registered Office: Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune - 411 005 (India)

Tel.: +91 (20) 2970 4374 Telefax: +91 (20) 2970 4374 E-mail: investorrelations@kirloskar.com website: www.kil.net.in

24th ANNUAL GENERAL MEETING ON 11 AUGUST 2018 AT 11.30 A.M.

ATTENDANCE SLIP

Registered Folio No. / DP ID & Client ID	
Name and address of the Member(s)	
Joint Holder 1 **Joint Holder 2**	
No. of Shares	

I / We hereby record my / our presence at the Annual General Meeting of the Company at S. M. Joshi Socialist Foundation (S. M. Joshi Hall),S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune – 411 030, on Saturday, 11 August 2018, at 11.30 a.m.

Member's Folio/ DP ID/ Client ID No.	Member's/ Proxy's name in Block Letters	Member's/ Proxy's Signature

Note: Please complete the Folio / DP ID / Client ID and name, sign this Attendance Slip and hand it over at the Attendance Verification counter at the ENTRANCE OF THE MEETING HALL.

TEAR HERE

TEAR HERE

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

CIN: L29112PN1978PLC088972

Registered Office: Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune - 411 005 (India)

Tel.: +91 (20) 2970 4374 Telefax: +91 (20) 2970 4374 E-mail: investorrelations@kirloskar.com website: www.kil.net.in

24th ANNUAL GENERAL MEETING ON 11 AUGUST 2018 AT 11.30 A.M.

PROXY FORM

Name of the member (s):	
Registered address:	
E-mail Id:	
Folio No / DP ID / Client ID:	

I /I / We, being the member (s) of ……. shares of the above named company, hereby appoint

1. Name: ……... Address: ……

   E-mail Id: ……... Signature:……, or failing him

2. Name: ……... Address: ……

   E-mail Id: ……... Signature:……, or failing him

3. Name: ……... Address: ……

   E-mail Id: ……... Signature:……

P.T.O.

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting of the Company, to be held on Saturday,11 August 2018, at 11.30 a.m. at any adjournment thereof in respect of such resolutions:

Resolution No.	Resolution	Number of equity shares	Optional*	
			For	Against
1.	Adoption of Audited Financial Statements of the Company for the Financial Year ended 31 March 2018 and Report of Board of Directors and Auditors thereon			
2.	Declaration of Dividend on equity shares for the Financial Year ended 31 March 2018			
3.	Re-appointment of Mr. Nihal Kulkarni (DIN 01139147), who retires by rotation			
4.	Maintenance of Registers, copies of Returns, etc. at a place other than the Registered Office of the Company			
5.	Approval for extension of exercise period under the Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)			
6.	Appointment of Mr. Satish Jamdar (holding DIN 00036653) as an Independent Director with effect from 17 May 2018			
7.	Appointment of Mrs. Mrunalini Deshmukh (holding DIN 07092728) as an Independent Director with effect from 17 May 2018			
8.	Appointment of Ms. Gauri Kirloskar as an employee of the Company for the position of Senior General Manager with effect from 1 September 2018			
9.	Appointment of Mr. Vinesh Kumar Jairath (holding DIN 00391684) as a Non-Executive Director with effect from 14 June 2018			
10.	Appointment of Mr. Vinesh Kumar Jairath, Non-Executive Director, in the capacity as Advisor to the Company for a period of 5 years with effect from 14 June 2018			

Signed this _____ day of _____ 2018

Please affix Revenue Stamp ₹ 1

Signature of Member ……..

Signature of Proxy holder ……

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Annexure to the Notice and Notes, please refer to the Notice of the Annual General Meeting.

*3. It is optional to put a 'x' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.

4. Please complete all details including details of member(s) in above box before submission.

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

Enriching Lives

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Members of Kirloskar Industries Limited will be held on Saturday, the 11th day of August 2018, at 11.30 a.m. at S. M. Joshi Socialist Foundation (S.M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030, to transact the following businesses:

ORDINARY BUSINESS:

ITEM NO. 1:

To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the Financial Year ended 31 March 2018 and the Reports of the Board of Directors and Auditors thereon.

ITEM NO. 2:

To declare dividend on equity shares for the Financial Year ended on 31 March 2018.

ITEM NO. 3:

To appoint a Director in place of Mr. Nihal Kulkarni (holding DIN 01139147), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

ITEM NO. 4:

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

"RESOLVED THAT pursuant to the provisions of Section 94(1) and all other applicable provisions, if any, of the Companies Act, 2013, (the Act) and the Rules thereof (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members of the Company be and is hereby accorded to keep and maintain the Register of Members, Register of Debenture holders, Index of Members / Debenture holders at the office of the Registrar and Share Transfer Agent of the Company, viz., Link Intime India Private Limited at Pune and other statutory registers and other registers / records to be maintained under Section 88 of the Act and copies of the Annual Returns filed under Section 92 of the Act at 13/A, Karve Road, Kothrud, Pune 411 038, the place other than the Registered Office of the Company where the registers, returns and other documents are proposed to be kept with effect from 17 May 2018.

RESOLVED FURTHER THAT the Board or the Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds and things which are necessary for the purpose of giving effect to this Resolution.

ITEM NO. 5:

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

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, (the Act) and the Rules thereof, (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the Memorandum of Association and Articles of Association of the Company, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (hereinafter referred to as "SEBI SBEB Regulations") and to such other applicable regulations which may be issued and / or amended from time to time by SEBI or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals, permissions, and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions, the consent of the members of the Company be and is hereby accorded for the extension of the period for exercise of vested options from earlier approved 1 year to 3 years under the Employee Stock Options Scheme of the Company, viz., Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017), being a variation of terms not detrimental but beneficial to the interest of the employees.

RESOLVED FURTHER THAT the amendment to Clause 8.2 of the KIL ESOP 2017, for extending the exercise period from 1 year to 3 years (with such exceptions as may be considered necessary or appropriate by the Board), be and is hereby approved.

RESOLVED FURTHER THAT the Board, be and is hereby authorised to do all such acts, deeds and things, as it may, at its absolute discretion, deem necessary, or being incidental for the effective implementation of this resolution and the KIL ESOP 2017 and to settle all such questions and difficulties whatsoever which may arise and take all such steps and decisions in this regard."

ITEM NO. 6:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Satish Jamdar (holding DIN 00036653), who was appointed as an Additional Independent Director with effect from 17 May 2018 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years up to 16 May 2023."

ITEM NO. 7:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Mrunalini Deshmukh (holding DIN 07092728), who was appointed as an Additional Independent Director with effect from 17 May 2018 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years up to 16 May 2023."

ITEM NO. 8:

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

"RESOLVED THAT pursuant to the provisions of Sections 188(1), 188(1)(f) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force) and as approved by the Audit Committee and by the Board of Directors and subject to Ms. Gauri Kirloskar resigning from her current employment with Kirloskar Ferrous Industries Limited, the consent of the members of the Company, be and is hereby accorded for the appointment of Ms. Gauri Kirloskar, as an employee of the Company, who is a relative of Mr. Atul Kirloskar, Chairman of the Company, to hold an office or place of profit under the Company for the position of 'Senior General Manager' with effect from 1 September 2018, on following terms and conditions:

1. Basic Salary shall be ₹ 88,000 (Rupees Eighty Eight Thousand Only) per month.
2. House Rent Allowance shall be ₹ 35,200 (Rupees Thirty Five Thousand Two Hundred Only) per month.
3. Special Allowance shall be ₹ 1,23,700 (Rupees One Lakh Twenty Three Thousand Seven Hundred Only) per month.
4. Leave Travel Allowance shall be ₹ 2,800 (Rupees Two Thousand Eight Hundred Only) per month, which will be paid annually.
5. Ex-gratia shall be ₹ 1,750 (Rupees One Thousand Seven Hundred Fifty Only) per month, which will be paid annually.
6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
7. Casual leaves 5 days per calendar year.
8. Privilege leaves 30 days per completed calendar year of service.
9. Accumulation of leaves shall be up to 180 days, at any given time.
10. Provision of Car.

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 vary the terms of remuneration from time to time 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.

RESOLVED FURTHER THAT Mr. Mahesh Chhabria, Managing Director, Ms. Aditi Chirmule, Executive Director and Mrs. Jasvandi Deosthale, Chief Financial Officer of the Company, be and are hereby severally authorised to take such further steps, acts and execute deeds and documents, as may be necessary, proper or expedient to give effect to this resolution."

ITEM NO. 9:

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

"RESOLVED THAT on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vinesh Kumar Jairath (holding DIN 00361984), who was appointed as an Additional Non-Executive Director of the Company by the Board of Directors as per Section 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Non-Executive Director of the Company, whose office is liable to retire by rotation."

ITEM NO. 10:

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

"RESOLVED THAT on the recommendations of the Nomination and Remuneration Committee and the Audit Committee and pursuant to the provisions of Section 197(4), 188 and all other applicable provisions, if any, of the Companies Act, 2013, (the Act) and the Rules thereof, (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations) including any amendments thereto, the consent of the members be and is hereby accorded for the appointment of Mr. Vinesh Kumar Jairath (holding DIN 00391684), Non-Executive Director of the Company, in the capacity as Advisor to the Company, who possesses requisite qualifications for office of profession, for a period of 5 years, with effect from 14 June 2018, for availing his professional services in conducting the business of the Company including Real Estate Activities, upon the terms and conditions as set out in the Agreement entered into between the Company and Mr. Vinesh Kumar Jairath on the consultancy fees and other terms as set out below:

1. Consultancy fees:

   Fixed fees of ₹ 275.04 lakhs per annum excluding taxes payable in monthly equal installments.

2. Facilities:

In addition to the above fees, he will be provided the following facilities which shall be revised by the Board of Directors of the Company from time to time for facilitating him in the performance of professional services to the Company:

i. Administrative expenses, expenses related to meetings, travel and video conferencing at actuals. Significant expenses such as international air travel will be cleared with the Company in advance;

ii. Telephone at residence and a mobile phone. Personal long-distance calls shall be billed by the Company to him.

RESOLVED FURTHER THAT Mr. Mahesh Chhabria, Managing Director, Ms. Aditi Chirmule, Executive Director, Mrs. Jasvandi Deosthale, Chief Financial Officer and Mrs. Ashwini Mali, Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds and things which are necessary for the purpose of giving effect to this Resolution."

By Order of the Board of Directors

A.V.Mali

Ashwini Mali
Company Secretary

Place: Mumbai
Date: 14 June 2018

NOTES:

i. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

ii. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time fixed for holding the meeting. Proxies shall not have any right to speak at the meeting.

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 member.

iii. The Statement setting out the material facts pursuant to Section 102(1) of the Companies Act, 2013, (the Act), concerning the Ordinary Business No. 3 and Special Business Nos. 4 to 10 in the Notice and is annexed hereto and forms part of this Notice.

iv. Details pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), in respect of Directors seeking appointment / re-appointment at this Annual General Meeting forms part of this Notice.

v. Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books of the Company will remain closed from Monday, 6 August 2018 to Saturday, 11 August 2018, (both days inclusive), for determining the names of members eligible for dividend on equity shares, if declared at this Annual General Meeting.

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

a. whose name appear as Beneficial Owners as at the end of the business hours on 4 August 2018, in the list of Beneficial Owners to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of equity shares held in electronic form; and

b. whose name appear as Members in the Register of Members of the Company after giving effect to valid share transfers / transmissions in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before 4 August 2018.

vii. Pursuant to the provisions of IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which the dividend has not been paid or claimed for 7 consecutive years or more, shall be transferred by the Company to the designated demat account of the IEPF Authority (IEPF Account) within a period of 30 days of such shares becoming due to be transferred to IEPF Account. Accordingly, the Company had transferred 32,705 equity shares of ₹ 10 each to the IEPF Account on which dividends remain unpaid or unclaimed for 7 consecutive years with reference to the due date of 31 October 2017, after following the prescribed procedure.

Further all the members who have not claimed or encashed their dividend in the last 7 consecutive years from the year 2010-11, are requested to claim the same by 21 August 2018. In case valid claim is not received by that date, the Company will proceed to transfer the respective shares to the IEPF Account in terms of the IEPF Rules. In this regard, Company has individually informed the members concern and also

published notice in the newspapers as per IEPF Rules. The details of such members and shares due for transfer are uploaded on the website of the Company, viz., www.kil.net.in.

viii. Register National Electronic Clearing Service (NECS) Mandate

In order to get their dividend through National Electronic Clearing Service (NECS), members who are holding shares in physical form are requested to inform their bank account details such as name of the bank, branch, its address, account number, 9 digit MICR code, IFSC code and type of account, i.e., Savings or Current or Cash Credit, etc. to Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company, (the R & T Agent), having its office at 'Akshay' Complex, Block No. 202, 2nd Floor, Off. Dhole Patil Road, Near Ganesh Temple, Pune 411 001. Members holding shares in dematerialised form are requested to inform their bank account particulars to their respective Depository Participant (DP) and not to the R & T Agent / the Company. Those members who do not opt for NECS facility may inform only Bank Account Number and Bank Name for printing the same on the dividend warrant to ensure safety. Members who wish to avail the above facility are requested to submit required information to the R & T Agent on or before the closing hours of 4 August 2018.

ix. Permanent Account Number (PAN)

The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every participant in securities market. Members are requested to submit their PAN to their DPs (in case of shares held in dematerialised form) or to the Company / the R & T Agent (in case of shares held in physical form).

x. Members are requested to inform change in address or Bank mandate to their respective DPs with whom they are maintaining their demat accounts and with the R & T Agent or the Company for the shares held in physical form by a written request duly signed by the member for receiving all communication in future.

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

xii. Members may avail the facility of dematerialisation by opening demat accounts with the DPs of either NSDL or CDSL and get the equity share certificates held by them dematerialised.

The requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed unless the securities are held in the dematerialized form with a depository after 5 December 2018, as per SEBI Notification dated 8 June 2018.

xiii. Members who hold shares in electronic form are requested to bring their Client ID and DP ID for easy identification.

xiv. Members are requested to bring their attendance slip and copy of the Annual Report at the meeting.

xv. 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 dematerialised at the earliest.

xvi. Members having multiple folios are requested to intimate to the Company / the R & T Agent such folios, to consolidate all shareholdings into one folio.

xvii. Register Email Address

Members are requested to register their email addresses with the Company / the R & T Agent in case of holding of shares in physical form and with the concerned DPs in case of shares held in dematerialised form.

xviii. All documents referred to in the Notice or in the accompanying Statement annexed to the Notice are available for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 10.00 a.m. to 12.00 noon, prior to the date of the Annual General Meeting and also available for inspection at the meeting.

xix. Pursuant to the provisions of Section 72 of the Act read with the Companies (Share Capital and Debentures) Rules, 2014, members are entitled to make a nomination in respect of shares held by them in physical form. Members desirous of making a nomination are requested to send their requests in Form SH-13 in duplicate (which will be made available on request) to the R & T Agent of the Company.

xx. The Notice along with the Annual Report will be sent electronically indicating the process and manner of e-voting to the members whose e-mail addresses are registered with the DPs / the Company. The physical copy of the Notice along with the Annual Report will be sent to those members whose email addresses are not registered with the DPs / the Company indicating the process and manner of e-voting.

The members will be entitled to receive physical copy of Annual Report for the Financial Year ended 31 March 2018, free of cost, upon sending a request to the R & T Agent or the Company. The Notice along with the Annual Report will also be available on the Company's website, viz., www.kil.net.in.

xxi. **Voting through electronic means:**

I. In compliance with the provisions of Section 108 of the Companies Act, 2013, (the Act), read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Rules, 2015, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, 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 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") is provided by National Securities Depository Limited (NSDL).

II. The facility for voting through Ballot Form shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Form.

III. 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.

IV. The remote e-voting period commences on Wednesday, 8 August 2018 (9:00 a.m.) and ends on Friday, 10 August 2018 (5:00 p.m.). During this period, members' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 4 August 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. The process and manner for remote e-voting is as under:

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 is 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 e-services i.e., IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL e-services 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 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 guidelines for members:

1. 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 authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to csmsp.office@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the *"Forgot User Details/Password?"* or *"Physical User Reset Password?"* option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

xxii. 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.

xxiii. 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 Form.

xxiv. A person, who is not a member as on the cut-off date should treat this Notice for information purpose only.

xxv. Mrs. Manasi Paradkar, Practicing Company Secretary, (Membership No. FCS 5447 CP No. 4385), Pune, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

xxvi. 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 Form" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

xxvii. 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 authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.

xxviii. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company, viz., www.kil.net.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai and National Stock Exchange of India Limited.

xxix. Route map showing directions to reach to the venue of the AGM is given at the end of this Notice as per the requirement of SS-2.

By Order of the Board of Directors

A.V.Mali

Ashwini Mali
Company Secretary

Place: Mumbai
Date: 14 June 2018

ANNEXURE TO THE NOTICE

STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

As required by Section 102(1) of the Companies Act, 2013, (the Act) and Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), the following Statement sets out all material facts relating to Item Nos. 3 to 10 in the accompanying Notice of the 24th Annual General Meeting of the Company to be held on Saturday, the 11th day of August 2018, at 11.30 a.m. at S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030.

ITEM NO. 3 OF THE NOTICE:

Mr. Nihal Kulkarni (holding DIN 01139147) retires by rotation and being eligible, offers himself for re-appointment.

Mr. Nihal Kulkarni (aged 36 years), A. B. in Economics from Brown University, USA, has over ten years of experience in the areas of finance and investments. Mr. Nihal Kulkarni has undergone extensive training with the Kirloskar Group, Toyota Motor Sales, USA and DSP Merrill Lynch. Mr. Nihal Kulkarni was the Managing Director of the Company from 23 October 2010 up to 25 January 2012. Mr. Nihal Kulkarni has been appointed as Managing Director of Kirloskar Oil Engines Limited with effect from 26 January 2012. Mr. Nihal Kulkarni is the Chairman and Director of G. G. Dandekar Machine Works Limited.

Mr. Nihal Kulkarni is also a Director in the following other companies:

Name of the Company	Board position held	Committee membership	
Kirloskar Oil Engines Limited	Managing Director	1.	Corporate Social Responsibility Committee – Member
G. G. Dandekar Machine Works Limited	Director	1.	Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee – Member
Kloudq Technologies Limited	Director	-	
Achyut and Neeta Holding and Finance Private Limited	Director	-	
Expert Quality Cloud Information Technology Private Limited	Director	-	

Mr. Nihal Kulkarni is holding NIL (0.00%) equity shares of the Company.

Save and except Mr. Nihal Kulkarni and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

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

ITEM NO. 4 OF THE NOTICE:

The Board of Directors accorded its approval to shift the Registered Office of the Company from 13/A, Karve Road, Kothrud, Pune 411 038, to Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune 411 005, in the State of Maharashtra, with effect from 17 May 2018.

In the interest of operational and administrative convenience, it is proposed to keep and maintain the Register of Members, Register of Debenture holders, Index of Members / Debenture holders at the office of the Registrar and Share Transfer Agent of the Company at Pune and copies of Annual Returns and other statutory registers at the Company's office situated at 13/A, Karve Road, Kothrud, Pune 411 038, a place other than its registered office with effect from 17 May 2018.

In terms of the provisions of Section 94 and all other applicable provisions of the Companies Act, 2013, (the Act) and the Rules made thereunder, certain documents such as the Register of Members and Index of Members separately for each class of equity and preference shares, Register and Index of Debenture holders, Register of Renewed and Duplicate Share Certificate, Register of ESOP and copies of all Annual Returns prepared, together with the copies of certificates and documents required to be annexed thereto under Section 92 of the Act, and other related books may also be kept at any place in India other than the Registered Office of the Company, in which more than one tenth of the total number of members entered in the Register of Members reside, if approved by Special Resolution by the members of the Company.

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

The Board recommends the Special Resolution as set out at Item No. 4 of the Notice for approval by the members.

ITEM NO. 5 OF THE NOTICE:

The members of the Company at the 23rd Annual General Meeting of the Company held on 28 August 2017, accorded their approval for the introduction and implementation of the Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017). In KIL ESOP 2017, the maximum period for exercise of stock options provided is 1 year from the date of vesting.

Pursuant to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (SEBI SBEB Regulations), it is proposed to recommend to the members of the Company for the extension of the exercise period from 1 year to 3 years, after considering the recommendations of the Nomination and Remuneration Committee of the Company (the Committee). It will be more beneficial to the interests of the employees and will also help in employee retention.

This is allowed by the SEBI SBEB Regulations, subject to your approval by way of Special Resolution.

Particulars to be disclosed in accordance with sub-Regulation 4 of Regulation 7 of the SEBI SBEB Regulations, for the variation of the terms of the KIL ESOP 2017 are given below:

a. **Details of the variation:** Extension of exercise period from 1 year to 3 years for the KIL ESOP 2017.

b. **Rationale for the variation:** The rationale for the variation is to ensure employee retention as the term of the KIL ESOP 2017 is bound to increase upon increase in the exercise period. The aforementioned variation is not detrimental / prejudicial to the interest of the employees.

c. **Details of the employees who are beneficiaries of such variation:** The beneficiaries of these variations shall be the employees to whom options already granted under the Scheme in the past / pre-existing grants under the KIL ESOP 2017 and the eligible employees for whom options may be granted in future under the KIL ESOP 2017.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution, except to the extent of their entitlements, if any, under the KIL ESOP 2017 and to the extent of their Shareholding, if any.

The Board recommends the Special Resolution as set out at Item No. 5 of the Notice for approval by the members.

ITEM NO. 6 OF THE NOTICE:

The Board of Directors of the Company, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, appointed Mr. Satish Jamdar (holding DIN 00036653), as an Additional Independent Director of the Company with effect from 17 May 2018.

In terms of the provisions of Section 161(1) of the Act, Mr. Satish Jamdar would hold office up to the date of this Annual General Meeting. He is also proposed to be appointed as an Independent Director for a term of five (5) consecutive years with effect from 17 May 2018 up to 16 May 2023, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

The Company has received a notice in writing from a member under Section 160 of the Act, proposing the candidature of Mr. Satish Jamdar for the office of Director of the Company.

Mr. Satish Jamdar (aged 66 years) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term up to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act, he shall not be included in the total number of directors for retirement by rotation.

The Company has received declarations from Mr. Satish Jamdar that he meets with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Regulations.

Mr. Satish Jamdar, BE (Mech.) from IIT, Mumbai, with a vast experience of 43 years, has held leadership positions in several organisations. Mr. Satish Jamdar completed his management studies in USA and UK. Mr. Satish Jamdar was an Executive Director on the Board of Blue Star for 13 years of which last 7 years was as the Managing Director. Mr. Satish Jamdar retired from Blue Star as Managing Director in March and as Special Advisor in May 2016.

During his overall 20 years with Blue Star, India's leading air conditioning and refrigeration company, Mr. Satish Jamdar was instrumental in setting up an enhanced product development, AC&R technology and manufacturing footprint for Blue Star. This also included design, manufacture and servicing of products for OEM customers for the Middle East and European markets.

Mr. Satish Jamdar helped to grow the customer service business with a host of new offerings related to technology upgrades with remote monitoring and energy efficiency, among others. Mr. Satish Jamdar also helped to set up a strong global supply chain, including procurement from China and strategic technology partnerships with global suppliers.

Prior to this, Mr. Satish Jamdar was with Siemens, Voltas, GEC Alstom, and BPL Sanyo. During his long corporate stint, he oversaw a wide range of activities related to manufacturing, product development, supply chain, product service, EPC contracts, international business operations, HR, Finance, corporate governance and general management.

Mr. Satish Jamdar had been actively involved with CII (India's largest corporate body) as Chairman of CII Maharashtra State Council and subsequently, as Chairman of CII Western Region Sub-Committees for inclusive growth and ease of doing business. Mr. Satish Jamdar was a member of the CII National Manufacturing Council, as well.

Mr. Satish Jamdar is currently associated with a few select start-up companies as their Investors, Chief Mentor and Business Advisor. Mr. Satish Jamdar is also engaged with a few social initiatives and programs to help needy to realise their full potential.

Mr. Satish Jamdar is also a Director in the following other companies:

Name of the Company	Board position held	Committee membership	
Kirloskar Oil Engines Limited	Director	1.	Nomination and Remuneration Committee – Member
V-Nova Business Growth Services Private Limited	Director	-	
Prolynx Foundation	Director	-	

Mr. Satish Jamdar is holding NIL (0.00%) equity shares of the Company.

The Board is of the opinion that Mr. Satish Jamdar fulfills the conditions for his appointment as an 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.

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

Copy of the draft letter for appointment of Mr. Satish Jamdar as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Statement may also be regarded as a disclosure under Regulation 36(3) of the Regulations.

Save and except Mr. Satish Jamdar and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

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:

The Board of Directors of the Company, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, appointed Mrs. Mrunalini Deshmukh (holding DIN 07092728), as an Additional Independent Director of the Company with effect from 17 May 2018.

In terms of the provisions of Section 161(1) of the Act, Mrs. Mrunalini Deshmukh would hold office up to the date of this Annual General Meeting. She is also proposed to be appointed as an Independent Director for a term of five (5) consecutive years with effect from 17 May 2018 up to 16 May 2023, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

The Company has received a notice in writing from a member under Section 160 of the Act, proposing the candidature of Mrs. Mrunalini Deshmukh for the office of Director of the Company.

Mrs. Mrunalini Deshmukh (aged 66 years) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term up to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act, she shall not be included in the total number of directors for retirement by rotation.

The Company has received declarations from Mrs. Mrunalini Deshmukh that she meets with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Regulations.

Mrs. Mrunalini Deshmukh is an alumnus of the St. Xavier's College and the Government Law College, Mumbai, and holds an LLM from the University of Mumbai in Commercial Law and Matrimonial Law. Mrs. Mrunalini Deshmukh is a renowned lawyer with over 15 years of experience and a special expertise in Family Law. A dedicated advocate of gender equality, Mrs. Mrunalini Deshmukh often participates and addresses domestic and international conferences on issues relating to family law, structuring of wealth and alimony issues, and the laws governing women. She recently addressed an International Conference on Wealth Planning for Global Indian Families in Dubai, U.A.E.

Mrs. Mrunalini Deshmukh is also a Director in the following other companies:

Name of the Company	Board position held	Committee membership
Talwalkar Better Value Fitness Limited	Director	-
Forbes Facility Services Private Limited	Director	-

Mrs. Mrunalini Deshmukh is holding NIL (0.00%) equity shares of the Company.

The Board is of the opinion that Mrs. Mrunalini Deshmukh fulfills the conditions for her appointment as an 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 she is independent of the management.

Keeping in view her vast expertise and knowledge, it will be in the interest of the Company that she is appointed as an Independent Director.

Copy of the draft letter for appointment of Mrs. Mrunalini Deshmukh as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Statement may also be regarded as a disclosure under Regulation 36(3) of the Regulations.

Save and except Mrs. Mrunalini Deshmukh and her relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

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:

The Audit Committee and the Board of Directors at their meetings held on 14 June 2018, have approved the appointment of Ms. Gauri Kirloskar as 'Senior General Manager' of the Company on a remuneration of ₹ 2,75,210 per month along with other perquisites with effect from 1 September 2018, subject to the approval of the members at the 24th Annual General Meeting and such other approvals, permissions and sanctions as may be necessary.

Ms. Gauri Kirloskar has done B.Sc. in Business Administration (Finance) from the Carnegie Mellon University, USA.

Ms. Gauri Kirloskar worked for two years in New York city as an analyst in the Merrill Lynch Mergers and Acquisitions group, advising on mergers, divestitures and corporate restructuring with clients spanning across multiple industries and around the globe. Following her time at Merrill Lynch, she joined the Corporate Finance and Strategy Group at Pearson Plc, in New York for three years, where she advised them on acquisions in the education industry in the US, Brazil and India.

Ms. Gauri Kirloskar holds directorship in some companies and her experience will benefit the Company.

Presently, Ms. Gauri Kirloskar is a Senior General Manager in Kirloskar Ferrous Industries Limited (KFIL).

Ms. Gauri Kirloskar is a related party within the definition of Section 2(76) of the Companies Act, 2013, (the Act). Pursuant to the provisions of Section 188 of the Act, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, appointment of any related party to any office or place of profit in the company, at a monthly remuneration exceeding ₹ 2,50,000 requires prior approval of the members by way of Ordinary Resolution. Hence, approval of members is sought for the appointment and remuneration subject to she resigning from her current employment with KFIL.

The information as required in accordance with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, is as under:

1. Name of the related party: Ms. Gauri Kirloskar
2. Name of the Director or KMP who is related: Mr. Atul Kirloskar, Chairman of the Company.
3. Nature of relationship: Ms. Gauri Kirloskar is a daughter of Mr. Atul Kirloskar.
4. Nature, material terms, monetary value and particulars of the contract or arrangement: Ms. Gauri Kirloskar is proposed to be appointed as an employee of the Company on remuneration and terms and conditions as stated in the Resolution.
5. Any other information relevant or important for the members to take a decision on the proposed Resolution: Please refer to her qualifications and experience as mentioned aforesaid under this item of business.

Mr. Atul Kirloskar, Chairman of the Company, being father of Ms. Gauri Kirloskar and their other relatives, may be deemed to be concerned or interested, in the Resolution to the extent of their shareholding.

Save and except the above, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

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

ITEM NO. 9 AND 10 OF THE NOTICE:

Mr. Vinesh Kumar Jairath (holding DIN 00391684) was appointed as an Independent Director of the Company with effect from 4 July 2017, pursuant to the approval of the members of the Company at the 23rd Annual General Meeting held on 28 August 2017.

The Company has embarked on the business of Real Estate Activities and in view thereof the Company needs guidance of an expert relating to these activities.

Mr. Vinesh Kumar Jairath, Director of the Company, is having rich and varied experience and can play a crucial role in conducting the business of the Company including Real Estate Activities.

A proposal was placed before the Board for the appointment of Mr. Vinesh Kumar Jairath in the capacity as Advisor to the Company for a period of 5 years with effect from 14 June 2018, in its meeting held on 14 June 2018. Considering the said proposal, he resigned as Independent Director of the Company with immediate effect.

In view of the above, the Nomination and Remuneration Committee and the Board of Directors at their meetings held on 14 June 2018, appointed Mr. Vinesh Kumar Jairath as an Additional Non-Executive Director of the Company with effect from 14 June 2018.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, (the Act), proposing the candidature of Mr. Vinesh Kumar Jairath, for the office of Director of the Company. Mr. Vinesh Kumar Jairath is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Mr. Vinesh Kumar Jairath joined Indian Administrative Service in 1982. He was a Member of Indian Administrative Services. He has a Masters in Development Economics from the University of Manchester, U.K. He holds Bachelor of Arts Degree in Public Administration and Bachelor of Laws Degree, both, from the Punjab University. He served as the Principal Secretary of Industries at Government of Maharashtra until 2008. He has over 25 years of experience in public administration, rural development, poverty alleviation, infrastructure planning and development and infrastructure financing, finance, industry, urban development, environmental management, while occupying various important positions in the Government of India and the State Government of Maharashtra. He had served as Joint Managing Director at Indiabulls Real Estate Limited from September 29, 2014 to October 02, 2015 and also as an Advisor on Indiabulls Real Estate Limited.

Mr. Vinesh Kumar Jairath is also a Director in the following other companies:

Name of the Company	Board position held	Committee membership	
The Bombay Dyeing and Manufacturing Company Limited	Director	1.	Audit Committee – Member
Wockhardt Limited	Director	1.	Audit Committee – Member
		2.	Stakeholders' Relationship Committee – Member
Tata Motors Limited	Director	1.	Audit Committee – Member
Kirloskar Oil Engines Limited	Director	1.	Audit Committee – Member
Concorde Motors (India) Limited	Director	-	
TML Distribution Company Limited	Director	1.	Audit Committee – Chairman
Go Airlines (India) Limited	Director	1.	Audit Committee – Member
Tata Motors Finance Solutions Limited	Director	1.	Audit Committee – Chairman

Mr. Vinesh Kumar Jairath is holding NIL (0.00%) equity shares of the Company.

The Nomination and Remuneration Committee in its meeting held on 14 June 2018, confirmed and recommended that Mr. Vinesh Kumar Jairath, Non-Executive Director of the Company possesses the requisite qualification for office of profession for his appointment in the capacity as Advisor to the Company upon the terms and conditions as set out in the Agreement entered into between the Company and Mr. Vinesh Kumar Jairath.

The Audit Committee and the Board of Directors at their respective meetings held on 14 June 2018, have approved the appointment of Mr. Vinesh Kumar Jairath, Non- Executive Director of the Company in the capacity as Advisor to the Company for a period of 5 years with effect from 14 June 2018, alongwith the terms and conditions.

Mr. Vinesh Kumar Jairath is a related party within the definition of Section 2(76)(i) of the Act. Pursuant to the provisions of Section 188(1)(d) of the Act and Rules thereof, except with a prior approval of the shareholders, a company shall not enter into a transaction or transactions, whether transaction or transactions to be entered into for availing or rendering any services with related party, directly or through appointment of agent, amounting to 10% or more of the turnover of the company or ₹ 50 crores, whichever is lower.

Besides, the payment of remuneration in the professional capacity, Mr. Jairath will be entitled to receive sitting fees for attending the meetings of the Board of Directors and Committees thereof.

The information as required in accordance with Rule 15 of the Companies (Meetings of Board and its powers) Rules, 2014, is as under:

1. Name of the related party: Mr. Vinesh Kumar Jairath
2. Name of the Director or KMP who is related: None.
3. Nature of relationship: None.

4. Nature, material terms, monetary value and particulars of the contract or arrangement: Mr. Vinesh Kumar Jairath is proposed to be appointed in the capacity as Advisor to the Company on remuneration and terms and conditions as stated in the Resolution.

5. Any other information relevant or important for the members to take a decision on the proposed Resolution: Please refer to his qualifications and experience as mentioned aforesaid under this item of business.

The above transactions of appointment with payment of professional fees and other facilities to him as set out in Agenda Item No. 10 is not a 'material related party transaction', in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, that requires approval of members of the Company. However, under the provisions of Section 188 and 197 of the Act, approval of the members is required for the appointment of Mr. Jairath in the capacity as Advisor to the Company for a period of 5 years with effect from 14 June 2018.

The Statement may also be regarded as a disclosure under Regulation 36(3) of the Regulations.

A copy of the Agreement entered into between the Company and Mr. Vinesh Kumar Jairath in the capacity of Advisor to the Company is available for inspection by members at the Registered Office of the Company.

Save and except Mr. Vinesh Kumar Jairath and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolutions as set out at Item No. 9 and 10 of the Notice for approval by the members.

By Order of the Board of Directors

A.V.Mali

Ashwini Mali
Company Secretary

Place: Mumbai
Date: 14 June 2018

KIRLOSKAR INDUSTRIES LIMITED
CIN: L70100PN1978PLC088972

Registered Office: Office No. 801, 8th Floor, Cello Platina, Fergusson College Road,
Shivajinagar, Pune 411 005 (India).
Phone : +91-(20)-2970 4374, Telefax: +91-(20)-2970 4374
Email: investorrelations@kirloskar.com, Website: www.kil.net.in

PROXY FORM

Name of the Member(s) _____

Registered Address _____

E mail ID_____

Folio / DP ID / Client ID _____

I / We, being the member (s) of ……. shares of the above named company, hereby appoint

1. Name: ……... Address: ……..

   E-mail Id: ……...Signature: ……, or failing him

2. Name: ……... Address: ……..

   E-mail Id: ……...Signature: ……, or failing him

3. Name: ……... Address: ……..

   E-mail Id: ……...Signature: ……, or failing him

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting of the Company, to be held on Saturday,11 August 2018, at 11.30 a.m. at any adjournment thereof in respect of such resolutions:

Resolution No.	Resolution	Number of equity shares	Optional*	
			For	Against
1.	Adoption of Audited Financial Statements of the Company for the Financial Year ended 31 March 2018 and Report of Board of Directors and Auditors thereon			
2.	Declaration of Dividend on equity shares for the Financial Year ended 31 March 2018			
3.	Re-appointment of Mr. Nihal Kulkarni (DIN 01139147), who retires by rotation			
4.	Maintenance of Registers, copies of Returns, etc. at a place other than the Registered Office of the Company			

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

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Resolution No.	Resolution	Number of equity shares	Optional*	
			For	Against
5.	Approval for extension of exercise period under the Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017)			
6.	Appointment of Mr. Satish Jamdar (holding DIN 00036653) as an Independent Director with effect from 17 May 2018			
7.	Appointment of Mrs. Mrunalini Deshmukh (holding DIN 07092728) as an Independent Director with effect from 17 May 2018			
8.	Appointment of Ms. Gauri Kirloskar as an employee of the Company for the position of Senior General Manager with effect from 1 September 2018			
9.	Appointment of Mr. Vinesh Kumar Jairath (holding DIN 00391684) as a Non-Executive Director with effect from 14 June 2018			
10.	Appointment of Mr. Vinesh Kumar Jairath, Non-Executive Director, in the capacity as Advisor to the Company for a period of 5 years with effect from 14 June 2018			

Signed this _____ day of _____ 2018

Please affix Revenue Stamp

Signature of Member ……..

Signature of Proxy holder …….

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Annexure to the Notice and Notes, please refer to the Notice of the Annual General Meeting.

*3. It is optional to put a 'x' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.

4. Please complete all details including details of member(s) in above box before submission.

KIRLOSKAR INDUSTRIES LIMITED

CIN: L70100PN1978PLC088972

Registered Office: Office No. 801, 8th Floor, Cello Platina, Fergusson College Road,
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Email: investorrelations@kirloskar.com, Website: www.kil.net.in

ATTENDANCE SLIP

ANNUAL GENERAL MEETING ON SATURDAY, 11 AUGUST 2018, AT 11.30 A.M.

Registered Folio No. / DP ID and Client ID	
Name and address of the Member(s)	
Joint Holder 1	
Joint Holder 2	
No. of shares	

I / We hereby record my / our presence at the Annual General Meeting of the Company at S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030, on Saturday, 11 August 2018, at 11.30 a.m.

_____ _____ _____

Member's Folio / DP ID / Client ID Member's / Proxy's name in Block Letter Member's / Proxy's Signature

ELECTRONIC VOTING PARTICULARS

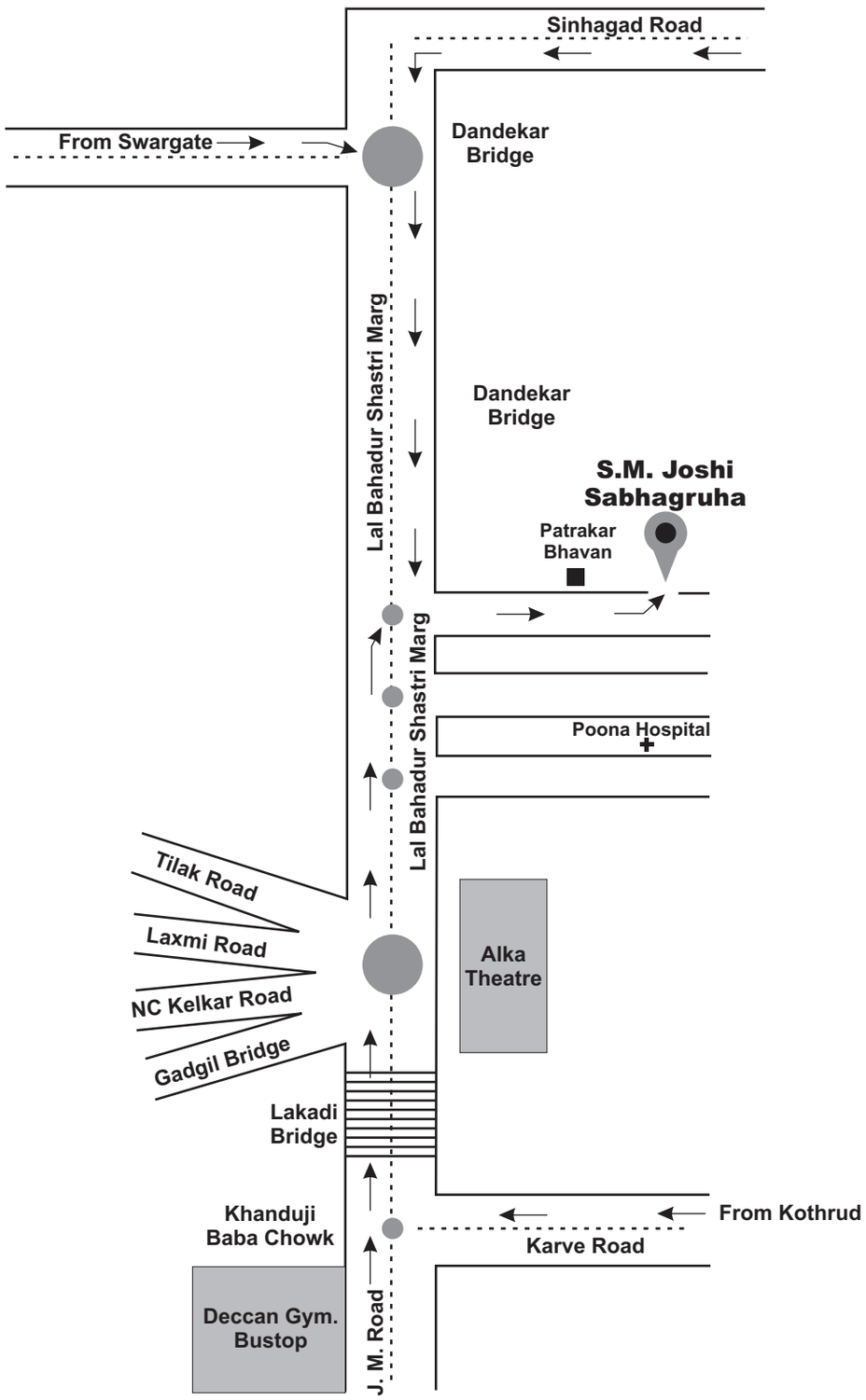
EVEN (Electronic Voting Event Number)	USER ID	Password

Note: Please complete the Folio / DP ID / Client ID and name, sign this Attendance Slip and hand it over at the Attendance Verification counter at the ENTRANCE OF THE MEETING HALL.

KIRLOSKAR INDUSTRIES LIMITED

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