

# KIRLOSKAR FERROUS INDUSTRIES LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2018-2019



Enriching Lives



BRINK  F NEXT

# KAIROS

(καιρός) 'Circumstances  
that open moments of  
opportunity'

## KFIL Silver Jubilee Year

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

*KFIL celebrated its silver jubilee of tapping of liquid metal from its furnace at Koppal plant in FY19 with the highest ever turnover of over Rs. 2,100 Crores and a top line growth of 22%. Pig iron sales value grew by 28% and Castings sales value grew by 28% and net profit by 158% over FY18. The gross casting tonnage has grown thirty three-fold, from around 3,000 tons in 1994-95 to **over 100,000 tons in 2018-19.***

KFIL has ably demonstrated its readiness for the next phase of growth by expanding its range of capability through backward and forward integration for moving to the next level of manufacturing technology

KFIL's growth has been hard earned on the back of new customer acquisitions. This was achieved with a commitment to ensure a lower turnaround time, reduction of input costs, introduction of value-added products and adoption of new processes like mechanised fettling facilities for ensuring superior finish.





Many new initiatives have led to opening of new opportunities. Highlights include:

1

The introduction of 3D printing at the Koppal plant, leading to a reduction in cycle time of castings' development to achieve product development for proto type in less than 30 days from receipt of design to supply of first sample casting resulting in attracting new customers / products and order booking for castings.

2

Focus on Pig Iron sales, where value increased by 28% over FY18.

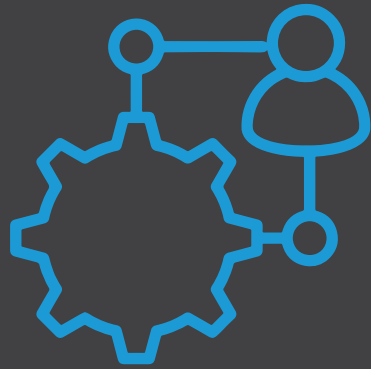
3

Installation of the railway siding project at the Koppal plant has brought efficiencies by facilitating bulk movement of raw material.

4

Installation of 11 MW solar power plant at the Solapur factory has led to significant savings in power cost.

A robust auto and tractor industry has also played a significant role in this growth story.



*KFIL won several awards last year including 'Best Business Partner Award' from M&M Tractor Division*

# At a Glance



1. Total sales Rs. 2,159 Crores
2. Percentage growth 22%
3. Net profit Rs. 98 Crores (158% higher than last year)
4. Casting market position No.1



**- R V Gumaste, Managing Director**

*"FY19 was the year of many dreams coming true for the Company. It was a year for our customers, who are delighted with the progress of the Company. Most importantly, we were there for them when they needed us."*

*"In our Silver Jubilee year, we focused on productivity enhancement in the Pig iron plant, managed a record production of liquid metal with improved power generation and also increased capacity of foundry production. With better process control and corrective actions, foundry rejection was also reduced substantially."*

**- N B Ektare, President, Koppal Plant**



*"For the Solapur team, it was a proud year of introduction of solar power to meet up to 50% of the power requirement of the unit."*

**- Suresh Kulkarni, Chief  
Operational Officer, Solapur**

**- C S Panicker, Company  
Secretary & Chief Corporate  
Finance**

*"In the silver jubilee year of commencement of operations, the Company has shown remarkable achievement in turnover, increased profitability and productivity, moving towards backward and forward integration of its business, besides being a responsible corporate citizen and a good neighbour."*

*"Financial Year 2018-19 was a year when KFIL added lot of feathers to its cap, in terms of achieving highest production and sales, highest profitability, and better control on working capital financing and achieving competitive interest rate for the borrowings."*

**- R S Srivatsan, Chief  
Financial Officer**

**- P. Narayana, Senior Vice  
President – HR & General  
Administration**

*"Scale, Skill and Sell is the clarion call for people development. People are our greatest asset & our aim is to retain them and hone their skills and competencies, so that they address future challenges with ease. We are proud to state that these initiatives are giving positive results."*

# Conclusion

FY19 has been a glorious year for KFIL, when processes and strategies have united to yield a remarkable performance. On its silver anniversary, KFIL is not resting on its past laurels but is investing in modernising and becoming future ready.









## 28th ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019

**BOARD OF DIRECTORS**

Name of Director	Designation	DIN
Mr. Atul C. Kirloskar	Chairman	00007387
Mr. Rahul C. Kirloskar	Vice Chairman	00007319
Mr. R. V. Gumaste	Managing Director	00082829
Mr. A. N. Alawani	Non Independent Director	00036153
Mr. A. R. Jamenis	Independent Director	00082620
Mr. B. S. Govind	Independent Director	06912189
Mr. R. Sampath Kumar	Independent Director	06894180
Mrs. Nalini Venkatesh	Independent Director	06891397
Mr. Y. S. Bhavé	Independent Director	00057170
Mr. Mahesh Chhabria	Non Independent Director	00166049

**COMPANY SECRETARY**

Mr. C. S. Panicker

**CHIEF FINANCIAL OFFICER**

Mr. R. S. Srivatsan

**AUDITORS**

M/s. Kirtane &amp; Pandit LLP, Chartered Accountants

**BANKERS**

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

**REGISTRAR AND SHARE TRANSFER AGENT**

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

**REGISTERED OFFICE**

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

**FACTORY**

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

**Information for Shareholders**

28th Annual General Meeting  
 Date : Tuesday, 23rd July, 2019  
 Time : 10.30 a.m.  
 Venue : S. M. Joshi Socialist Foundation,  
(S. M. Joshi Hall), S. No. 191/192,  
Navi Peth, Near Ganjave Chowk,  
Pune 411030  
 Date of Book Closure : 15th July, 2019 to 23th July, 2019  
(both days inclusive)

**Contents****Page No.**

Board of Directors	09
Decade at a glance	10
Notice	11
Directors' Report	23
Report on Corporate Governance	61
Auditors' Report	80
Financial Statements	90
Notes forming part of Financial Statements	94

**KIRLOSKAR FERROUS INDUSTRIES LIMITED**  
**A DECADE AT A GLANCE**

(₹ in Millions)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Net sales / revenue from operations	8,069.87	10,917.58	10,896.51	11,981.09	12,321.61	13,650.92	11,139.30	12,767.60	17,651.90	21,591.50
Other income	102.27	19.81	20.84	24.91	30.75	31.10	22.48	53.40	51.60	55.30
<b>Total income</b>	<b>8,172.14</b>	<b>10,937.39</b>	<b>10,917.35</b>	<b>12,006.00</b>	<b>12,352.36</b>	<b>13,682.02</b>	<b>11,161.78</b>	<b>12,821.00</b>	<b>17,703.50</b>	<b>21,646.80</b>
Raw material and stores consumed	5,790.99	8,548.17	8,103.05	8,646.38	9,209.08	9,702.97	7,131.58	8,542.80	12,199.80	14,364.00
Employees remuneration and benefits	327.72	330.56	427.73	511.76	495.63	651.93	709.22	735.20	806.60	937.40
Other expenses	1,030.56	1,028.14	1,433.28	1,739.84	1,500.88	1,806.50	1,790.01	1,768.00	3,547.90	4,171.60
<b>Total expenses</b>	<b>7,149.27</b>	<b>9,906.87</b>	<b>9,964.06</b>	<b>10,897.98</b>	<b>11,205.59</b>	<b>12,161.40</b>	<b>9,630.81</b>	<b>11,046.00</b>	<b>16,554.30</b>	<b>19,473.00</b>
<b>Profit before interest, depreciation and amortisation</b>	<b>1,022.87</b>	<b>1,030.52</b>	<b>953.29</b>	<b>1,108.02</b>	<b>1,146.77</b>	<b>1,520.62</b>	<b>1,530.97</b>	<b>1,775.00</b>	<b>1,149.20</b>	<b>2,173.80</b>
(% to Total income)	12.52	9.42	8.73	9.23	9.28	11.11	13.72	13.84	6.49	10.04
Interest / finance cost	60.59	41.45	104.70	151.80	229.05	297.99	235.05	105.40	109.70	164.70
Depreciation and amortisation	259.65	270.44	291.98	332.03	337.86	504.18	443.66	458.70	495.30	542.00
<b>Profit before Tax</b>	<b>702.63</b>	<b>718.63</b>	<b>556.61</b>	<b>624.19</b>	<b>579.86</b>	<b>718.45</b>	<b>852.26</b>	<b>1,210.90</b>	<b>544.20</b>	<b>1,467.10</b>
(% to Total income)	8.60	6.57	5.10	5.20	4.69	5.25	7.64	9.44	3.07	6.78
Tax provisions	211.95	235.34	185.81	233.33	181.49	225.69	274.91	332.60	164.20	486.00
<b>Net Profit after Tax</b>	<b>490.68</b>	<b>483.29</b>	<b>370.80</b>	<b>390.86</b>	<b>398.37</b>	<b>492.75</b>	<b>577.35</b>	<b>878.30</b>	<b>380.00</b>	<b>981.10</b>
(% to Total income)	6.00	4.42	3.40	3.26	3.23	3.60	5.17	6.85	2.15	4.53
<b>Other Comprehensive Income</b>								2.50	(6.10)	2.70
<b>Equity share capital</b>	<b>686.49</b>	<b>686.54</b>	<b>686.54</b>	<b>686.54</b>	<b>686.54</b>	<b>686.54</b>	<b>686.54</b>	<b>686.54</b>	<b>686.54</b>	<b>688.20</b>
<b>Reserves</b>										
Share premium	1,938.06	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,966.50
General reserves	100.00	150.00	200.00	250.00	300.00	350.00	400.00	450.00	500.00	550.00
Profit and Loss account	540.91	815.65	976.86	1,191.86	1,339.44	1,575.42	1,895.42	2,750.82	2,785.52	3,346.30
Share option outstanding account									14.40	30.10
<b>Total</b>	<b>2,578.97</b>	<b>2,904.03</b>	<b>3,115.24</b>	<b>3,380.24</b>	<b>3,577.82</b>	<b>3,863.80</b>	<b>4,233.80</b>	<b>5,139.20</b>	<b>5,238.30</b>	<b>5,892.90</b>
<b>Deferred Tax (assets) / liability</b>	<b>319.11</b>	<b>379.68</b>	<b>420.55</b>	<b>514.75</b>	<b>641.76</b>	<b>730.59</b>	<b>789.04</b>	<b>804.70</b>	<b>826.30</b>	<b>940.50</b>
<b>Non Current Liabilities Provisions</b>	<b>62.85</b>	<b>-</b>	<b>-</b>	<b>804.62</b>	<b>602.31</b>	<b>100.00</b>	<b>-</b>	<b>13.60</b>	<b>16.60</b>	<b>410.00</b>
<b>Long term loans</b>										
Net fixed assets including CWIP	3,382.73	3,590.97	3,851.77	4,881.68	5,691.13	5,731.09	5,582.60	5,930.40	6,340.90	6,697.60
Net current assets other than cash and bank balance	98.39	67.74	50.49	(17.20)	(413.25)	(584.12)	(92.49)	462.50	216.30	622.10
Cash and bank balance	166.60	184.02	136.15	145.81	115.24	101.05	60.17	123.40	51.90	45.50
Non current assets		127.52	183.92	375.87	115.31	132.91	171.80	127.60	158.50	590.90
<b>Capital employed</b>	<b>3,647.72</b>	<b>3,970.25</b>	<b>4,222.33</b>	<b>5,386.16</b>	<b>5,508.43</b>	<b>5,380.93</b>	<b>5,722.08</b>	<b>6,643.90</b>	<b>6,767.60</b>	<b>7,956.10</b>
<b>Net worth</b>	<b>3,265.46</b>	<b>3,590.57</b>	<b>3,801.78</b>	<b>4,066.78</b>	<b>4,264.36</b>	<b>4,550.34</b>	<b>4,920.34</b>	<b>5,825.74</b>	<b>5,910.44</b>	<b>6,551.00</b>
Number of equity shares	137,297,303	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,649,041
Earnings per share (Rs.)	3.57	3.52	2.70	2.85	2.90	3.59	4.20	6.40	2.77	7.14
Book value per share (Rs.)	23.78	26.15	27.69	29.62	31.06	33.14	35.83	42.43	43.05	47.59
Dividend %	20	20	20	25	25	25	25	35	25	40

Notes:

Net worth = Share capital + Reserves.

Net current assets has been calculated by deducting current liabilities and short term borrowings from the current assets.

Figures of 2010-11 and 2011-12 have been revised in accordance with the latest Schedule VI.

Figures of 2016-17, 2017-18 and 2018-19 are prepared in accordance with Ind AS

Figures have been regrouped wherever necessary.

## NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Members of Kirloskar Ferrous Industries Limited will be held on Tuesday, the 23rd day of July, 2019 at 10.30 a.m. at S. M. Joshi Socialist Foundation, (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411030 to transact the following business:

### ORDINARY BUSINESS

#### Item No. 1

To receive, consider and adopt the Financial Statements for the year ended on 31st March, 2019 and also the reports of the Auditors and the Board of Directors thereon.

#### Item No. 2

To declare a final dividend on equity shares for the financial year ended 31st March, 2019 and to confirm payment of Interim Dividend at the rate of Re. 1 per equity share (i.e. 20 percent) for the financial year 2018–2019 as declared by the Board of Directors.

#### Item No. 3

To appoint a Director in place of Mr. Rahul C. Kirloskar (DIN : 00007319), 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 modifications, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT**, pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and rules thereof (including any statutory modification(s) or re-enactment thereof for the time being force), the remuneration of ₹ 300,000 (Rupees Three Lakh only) plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual basis to be paid to M/s. Parkhi Limaye and Co, Cost Accountants appointed as Cost Auditors for the conduct of the cost audit of the Company for the financial year ending 31st March, 2020, as recommended by the Board of Directors, be and is hereby ratified.”

#### Item No. 5

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

**“RESOLVED THAT**, pursuant to the provisions of Sections 149, 152 and any other applicable provisions read with Schedule IV of the Companies Act, 2013 and the Rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Nalini Venkatesh (DIN : 06891397), who holds office as an Independent Director upto 12th August, 2019 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of five consecutive years upto 12th August, 2024.”

#### Item No. 6

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

**“RESOLVED THAT**, pursuant to the provisions of Sections 149,152 and any other applicable provisions read with Schedule IV of the Companies Act, 2013 and the Rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory

modification(s) or re-enactment thereof for the time being in force), Mr. R. Sampathkumar (DIN : 06894180), who holds office as an Independent Director upto 12th August, 2019 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of three consecutive years upto 12th August, 2022."

**Item No. 7**

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

**"RESOLVED THAT**, pursuant to the provisions of Sections 149,152 and any other applicable provisions read with Schedule IV of the Companies Act, 2013 and the Rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. B. S. Govind (DIN : 06912189), who holds office as an Independent Director upto 12th August, 2019 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of one year upto 12th August, 2020."

By order of the Board of Directors

Registered Office :  
13, Laxmanrao Kirloskar Road,  
Khadki, Pune 411003.  
CIN : L27101PN1991PLC063223  
Email : [investor@kfil.com](mailto:investor@kfil.com)

Pune : 3rd May, 2019

C. S. Panicker  
Company Secretary

**NOTES :**

- i) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 15th July, 2019 to Tuesday, 23rd July, 2019 (both days inclusive).
- ii) A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

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

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

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

- iii) Final dividend, if declared at the Annual General Meeting, will be paid to those members :
  - a) whose names appear as Beneficial Owners as at the end of the business hours on 14th July, 2019 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of equity shares held in electronic form; and
  - b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before 14th July, 2019.
- iv) Members, who hold shares in physical form, are requested to advise the Company immediately of any change in their addresses.
- v) Members, who hold shares in electronic form, are requested to intimate details regarding change of address, etc. to the Depository Participants, where they have their Demat accounts.
- vi) Members may avail of the facility of dematerialisation by opening Demat accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get equity share certificates held by them dematerialised.
- vii) Members, who hold shares in electronic form, are requested to bring their Client Id and DP Id for easy identification.
- viii) Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialized at the earliest.
- ix) In case members wish to ask for any information about accounts or operations of the Company, they are requested to send their queries in writing at least 7 days before the date of the meeting, so that the information can be made available at the time of the meeting.
- x) Members / proxies are requested to bring their attendance slip duly filled in.
- xi) Members are requested to bring their copy of the Annual Report for the meeting.
- xii) Members having multiple folios are requested to intimate to the Company such folios to enable the Company to consolidate all shareholdings into one folio.

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

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

### Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the Members the facility to exercise their right to vote on resolutions proposed to be considered at the 28th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

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

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

The remote e-voting period commences on 20th July, 2019 at 9 a.m. and ends on 22nd July, 2019 at 5 p.m. During this period, the Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 16th July, 2019 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting after 5 p.m. on 22nd July, 2019. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

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

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

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

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

#### Details on Step 1 are mentioned below:

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

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

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

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****



c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***
---	---

5. Your password details are given below :
- (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - (c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password :
- (a) Click on "**Forgot User Details/Password ?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  - (b) "**Physical User Reset Password ?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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](mailto:evoting@nsdl.co.in) mentioning your demat account number / folio number, your PAN, your name and your registered address.
  - (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

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

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Instructions for e-voting:**

- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer by e-mail to [csmsp.office@gmail.com](mailto:csmsp.office@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- 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](http://www.evoting.nsdl.com) to reset the password.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on Toll Free No. 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- You can also update your mobile number and e-mail id in the user profile details of the folio, which may be used for sending future communication(s).
- The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 16th July, 2019.
- Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 16th July, 2019 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- Ms. Manasi Paradkar, Practicing Company Secretary (Membership No. FCS 5447 and CP No. 4385) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of ballot paper for all those members, who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.kfil.com](http://www.kfil.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

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

**Item No. 3 of the Notice**

**Mr. Rahul Chandrakant Kirloskar**

Mr. Rahul C. Kirloskar has been associated with the Kirloskar Group of Companies for more than twenty five years at senior levels in different capacities. He started his career in the then Kirloskar Cummins

Ltd. and later joined a family owned small-scale unit where he worked for a period of 3 years. In 1989, he joined erstwhile Kirloskar Pneumatic Company Ltd., (KPCL) as Sr. Manager Operations for the Air Compressors Division.

He was promoted as Joint Managing Director of KPCL in July 1991. He was also appointed as a Director on K.G. Khosla Compressors Limited in September 1993 with which KPCL was amalgamated in 2002. He continued to be a Director of the amalgamated Company which was renamed as Kirloskar Pneumatic Company Limited (the Company). In December, 1993 he was appointed as the Managing Director of KPCL, and thereafter in September 1998, he took over as the Chairman of the Company. In June 2001 (till January 2012), he was appointed as the Director Exports of Kirloskar Oil Engines Limited (KOEL).

After gaining expertise by participating in an intensive course for top management professionals on Total Quality Management (TQM) in Japan, he played a pivotal role in reinforcing KPCL's focus on reducing overheads in the Company.

Mr. Rahul C. Kirloskar took over as Executive Chairman of the Company from 2012. Mr. Rahul C. Kirloskar has also been Chairman of Confederation of Indian Industry (CII) Pune Council as well as Maharashtra State CII Council.

He was appointed as a Director of the Company on 28th October, 2013 and is Vice Chairman of the Company.

He is the Chairman of Corporate Social Responsibility Committee of the Company.

#### Other Directorships

Kirloskar Oil Engines Limited	Kirloskar Pneumatic Company Limited
Kirloskar Proprietary Limited	J.K. Fenner (India) Limited
Greentek Systems (India) Private Limited	Alpak Investments Private Limited
Asara Sales And Investment Private Limited	Kirloskar Energen Private Limited
Kirloskar Solar Technologies Private Limited	Pune City Connect Development Foundation
Samarth Udyog Technology Forum	

#### Other Committee Positions

Name of the Company	Name of Committee and position held
Kirloskar Pneumatic Company Limited	Corporate Social Responsibility Committee - Chairman Stakeholders Relationship Committee – Member Share Transfer Committee – Chairman
Kirloskar Oil Engines Limited	Corporate Social Responsibility Committee - Chairman Nomination and Remuneration Committee - Member
J.K. Fenner (India) Limited	Audit Committee – Member Nomination and Remuneration Committee - Member

He is a brother of Mr. Atul C. Kirloskar, Chairman.

He holds 1,425,279 (1.04 percent) equity shares in the Company.

Mr. Rahul C. Kirloskar may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of his shareholding.

Mr. Atul C. Kirloskar, who is his brother and their other relatives, to the extent of their shareholding interest in the Company, may be deemed to be concerned or interested in the resolution.

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

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

#### **Item No. 4 of the Notice**

The Board of Directors at its meeting held on 3rd May, 2019 has appointed M/s. Parkhi Limaye and Co, Cost Accountants as the Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year ending 31st March, 2020 and fixed the remuneration of ₹ 300,000 (Rupees Three Lakh only) plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual, subject to the ratification of the Members at the Annual General Meeting.

Pursuant to provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 the remuneration of Cost Auditor shall be recommended by the Audit Committee, approved by the Board of Directors and ratified subsequently by the members. Accordingly, it is proposed to obtain the consent of the Members to ratify the remuneration and the reimbursement of expenses at actual to the Cost Auditors for the financial year ending 31st March, 2020.

None of the Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the ordinary resolution as set out at Item No. 4 of the Notice for approval by the Members.

#### **Item No. 5 of the Notice**

##### **Mrs. Nalini Venkatesh**

Pursuant to provisions of Section 149(6) of the Companies Act, 2013 and rules thereof, the Members of the Company at the Annual General Meeting held on 13th August, 2014 had appointed Mrs. Nalini Venkatesh (DIN: 06891397) as an Independent Director of the Company to hold office upto 12th August, 2019.

In terms of provisions of Section 149(10) of the Companies Act, 2013 and Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Nalini Venkatesh is eligible for reappointment on passing of special resolution by the Members of the Company and disclosure of such appointment in Board's Report.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Mrs. Nalini Venkatesh for the office of Director of the Company.

Mrs. Nalini Venkatesh is proposed to be appointed as an Independent Director for a term of five consecutive years upto 12th August, 2024 pursuant to provisions of Sections 149, 152 and other applicable provisions read with Schedule IV of the Companies Act, 2013; rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mrs. Nalini Venkatesh, aged 69 years, is a lawyer by profession and legal consultant since 1987. She has experience in handling both civil and criminal cases in the High Court of Karnataka and other Courts, including Labour and Company Courts. She has represented various corporations, ONGC, Urban Development Authorities, universities and other statutory institutions in matters with respect to the Factories Act, Workmen's Compensation Act, Negotiable Instrument's Act, labour disputes, etc. She was also appointed by the Honorable High Court of Karnataka as the Chairman to conduct the statutory meetings of shareholders and creditors of Maharashtra Apex Corporation Limited, Canara Nidhi Limited and Manipal Home Finance Limited.

She is presently on the panel of Advocates of Employees Provident Fund Organization, The Institute of Cost Accountants of India and Davangere Urban Development Authority. She was also Honorary Professor of Law at Dayanand Law College, Solapur.

She is a Member of the Audit Committee.

She holds 10,600 equity shares (0.0077 percent) in the Company.

She is also a Director in Kirloskar Pneumatic Company Limited.

She is a member of CSR Committee in that Company.

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

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

The Company has received declarations from her that she meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013, rules thereof and also declaration and confirmation from her pursuant to Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board is of the opinion that she fulfills the conditions specified in the Companies Act, 2013 and rules thereof 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.

The Board considers that her experience and expertise would be of immense benefit to the Company and it is desirable to avail her service as an Independent Director for a term of five consecutive years upto 12th August, 2024.

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

Mrs. Nalini Venkatesh and her relatives may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of their shareholding.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution as set out in Item No. 5 of the Notice.

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**

##### **Mr. R. Sampathkumar**

Pursuant to provisions of Section 149(6) of the Companies Act, 2013 and rules thereof, the Members of the Company at the Annual General Meeting held on 13th August, 2014 had appointed Mr. R. Sampathkumar (DIN: 06894180) as an Independent Director of the Company to hold office upto 12th August, 2019.

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

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

Mr. R. Sampathkumar is proposed to be appointed as an Independent Director for a term of three consecutive years upto 12th August 2022 pursuant to provisions of Sections 149, 152 and other applicable provisions read with Schedule IV of the Companies Act, 2013; rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. R. Sampathkumar, aged 71 years, has completed his B.Sc. from Bangalore University in 1967 and B.E. (Metallurgy) from Indian Institute of Science, Bangalore in 1970. He joined Steel Authority of India Limited (SAIL) as Management Trainee in 1971. He was involved in commissioning and stabilization of iron making process at Bokaro Plant.

During the modernisation of SAIL, he was selected for the modernisation of Indian Iron and Steel Company Limited (A unit of SAIL at Burnpur in West Bengal) in 1989 and thereafter, he became the Head of the Iron Making Division. During his tenure with SAIL, he had exposure to iron making and management courses at steel plants in USSR and British Steels in United Kingdom.

He joined as Vice President (Iron) with Hospet Steels Limited (a strategic alliance of Kalyani Steels Limited and Mukund Limited) in 1996 during its initial project stage and thereafter he became the Executive

Vice President (Iron and Steel) in 2000. At that time, he was assigned the Leadership in commissioning and stabilising the alloy steel plant. He was the Chief Executive of the plant from 2004 onwards and retired therefrom in May 2014. During his tenure, the company received various awards, out of which the award of TPM (Excellence) from JIPM is noteworthy.

He is a Member of the Corporate Social Responsibility Committee.

He does not hold any equity shares in the Company.

He is also a Director in Jai Raj Ispat Limited.

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

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

The Company has received declarations from him that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013, rules thereof and also declaration and confirmation from him pursuant to Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board is of the opinion that he fulfills the conditions specified in the Companies Act, 2013 and rules thereof and also possess appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively and he is independent of the management.

The Board considers that his experience and expertise would be of immense benefit to the Company and it is desirable to avail his service as an Independent Director for a term of three consecutive years upto 12th August, 2022.

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

Mr. R. Sampathkumar and his relatives may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of their shareholding.

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

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

#### **Item No. 7 of the Notice**

##### **Mr. B. S. Govind**

Pursuant to provisions of Section 149(6) of the Companies Act, 2013 and rules thereof, the Members of the Company at the Annual General Meeting held on 13th August, 2014 had appointed Mr. B. S. Govind (DIN: 06912189) as an Independent Director of the Company to hold office upto 12th August, 2019.

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

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

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

Mr. B. S. Govind, aged 73 years, is a double post graduate – Master of Engineering degree in Mechanical Engineering (Foundry Science and Engineering) from Indian Institute of Science, Bangalore and Master

of Science Degree in Engineering Production from University of Birmingham, United Kingdom. He has been bestowed the honour as a 'Fellow' of The Institute of Indian Foundrymen. He has more than 49 years of experience in the foundry industry.

He worked for more than 15 years in The Mysore Kirloskar Limited, Harihar, Karnataka and left the company as a Profit Center Head and General Manager. For the past 34 years, he has been working as a consultant to a number of engineering companies mainly in connection with their foundry divisions or casting requirements.

He has also worked as a Senior National Expert to UNIDO ICAMT, Bangalore for their foundry cluster project at Coimbatore and Belgaum. He is very well versed with all foundry operations, technology and management, especially in the field of grey and SG iron castings.

He holds 200 equity shares (0.0001 percent) in the Company.

He does not hold any directorship in any other company.

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

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

The Company has received declarations from him that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013, rules thereof and also declaration and confirmation from him pursuant to Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board is of the opinion that he fulfills the conditions specified in the Companies Act, 2013 and rules thereof and also possess appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively and he is independent of the management.

The Board considers that his experience and expertise would be of immense benefit to the Company and it is desirable to avail his service as an Independent Director for a term of one year upto 12th August, 2020.

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

Mr. B. S. Govind and his relatives may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of their shareholding.

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

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

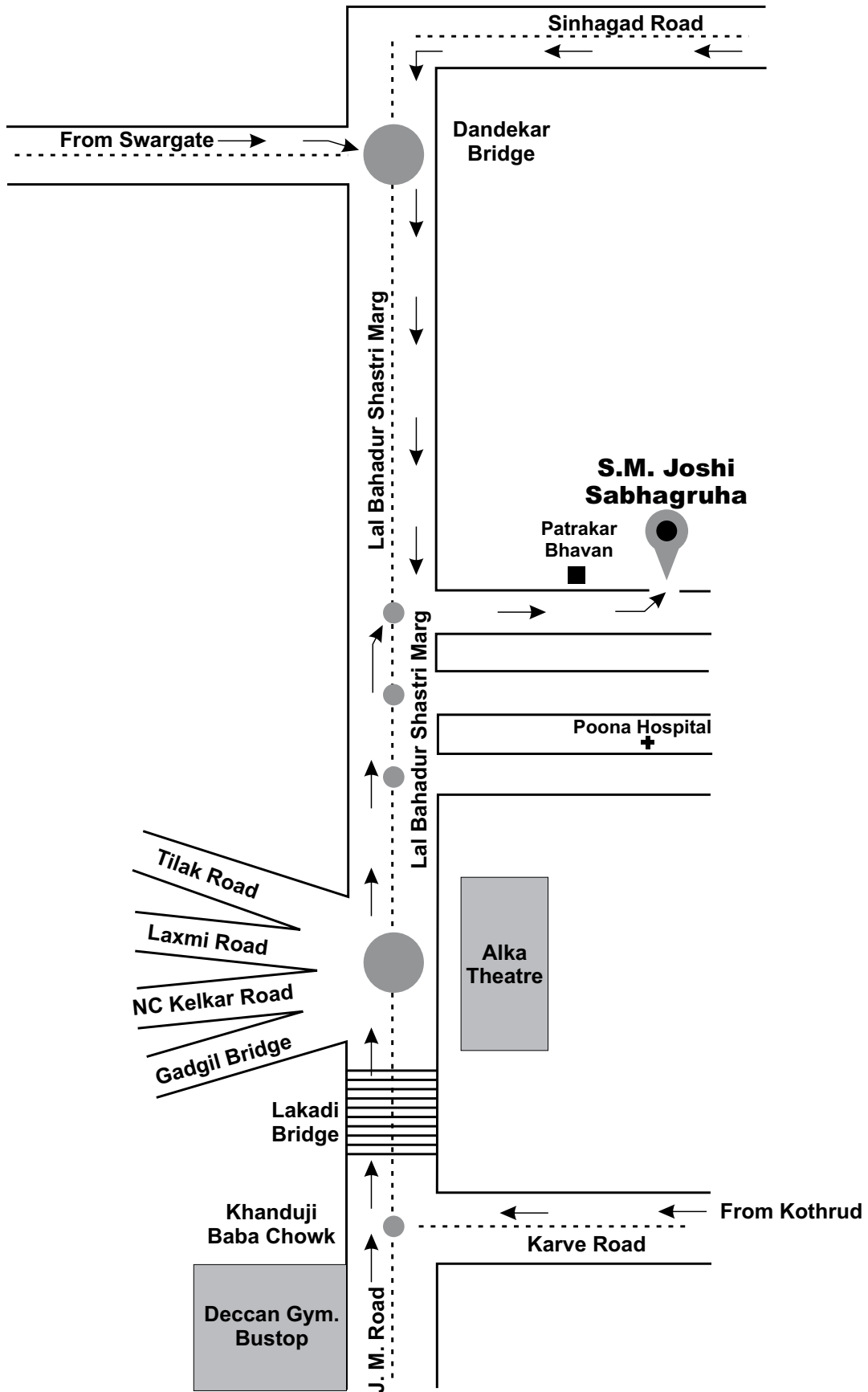
By order of the Board of Directors

Registered Office :  
13, Laxmanrao Kirloskar Road,  
Khadki, Pune 411003.  
CIN : L27101PN1991PLC063223  
Email : [investor@kfil.com](mailto:investor@kfil.com)

Pune : 3rd May, 2019

C. S. Panicker  
Company Secretary

Route Map of the venue of the Annual General Meeting





## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting 28th Annual Report together with the Audited Annual Accounts for the year ended 31st March, 2019.

### I. FINANCIAL PERFORMANCE

The financial results of the Company for the financial year 2018-2019 as compared with the previous year are as follows -

	(Rupees in Lakhs)	
	2018-2019	2017-2018
Total Income	<b>216,468</b>	177,035
Profit before tax	<b>14,671</b>	5,442
Tax Expenses	<b>4,860</b>	1,642
Profit for the year	<b>9,811</b>	3,800
Other comprehensive income for the year	<b>27</b>	(61)
Total comprehensive income for the period	<b>9,838</b>	3,739
Profit brought forward from previous year	<b>27,855</b>	27,508
Dividend paid on equity shares	<b>(1,717)</b>	(2,403)
Tax on above Dividend	<b>(353)</b>	(489)
Interim Dividend paid on equity shares	<b>(1,377)</b>	-
Tax on above Dividend	<b>(283)</b>	-
Profit available for appropriation	<b>33,963</b>	28,355
Transfer to General Reserves	<b>(500)</b>	(500)
Balance carried to Surplus in Statement of Profit and Loss	<b>33,463</b>	27,855

### DIVIDEND

Your Directors at their meeting held on 30th January, 2019 declared an interim dividend of 20 percent (₹ 1 per equity share) amounting to ₹ 1,377 Lakhs.

Your Directors have recommended a final dividend of 20 percent (i.e. Re. 1/- per equity share of ₹ 5 each) for the Financial Year ended 31st March, 2019. Dividend will be recognised as liability when approved by the Members at the forthcoming annual general meeting. Accordingly, the total dividend (inclusive of Interim Dividend declared and paid) for the F.Y 2018-2019 is 40 percent.

### II. MANAGEMENT DISCUSSION AND ANALYSIS

#### A. Economy and Industry Overview

##### Global Economy and outlook:

The global expansion has weakened. Global growth for 2018 is estimated at 3.7 percent, as in the October 2018 World Economic Outlook (WEO) forecast, despite weaker performance in some economies, notably Europe and Asia. The global economy is projected to grow at 3.5 percent in 2019 and 3.6 percent in 2020.

The global growth forecast for 2019 and 2020 had already been revised downward in the last WEO, partly because of the negative effects of tariff increases enacted in the United States and China earlier that year. The further downward revision since October in part reflects carry over from softer momentum in the second half of 2018—including in Germany following the introduction of new automobile fuel emission standards and in Italy where concerns about sovereign and financial risks have weighed on domestic demand—but also weakening financial market sentiment as well as a contraction in Turkey now projected to be deeper than anticipated.

### **Indian Economy:**

The India's GDP growth for FY 2019 is estimated to be 7 percent and for FY 2020, India is projected to grow at 7.7 percent.

Cumulative value of exports for the period April-March 2018-2019 was US \$ 331.02 Billion as against US \$ 303.53 Billion during the period April-March 2017-2018, registering a positive growth of 9.06 percent. Cumulative value of imports for the period April-March 2018-2019 was US \$ 507.44 Billion, as against US \$ 465.58 Billion during the period April-March 2017-2018, registering a positive growth of 8.99 percent.

The overall trade deficit for FY 2018-2019 was estimated at US\$ 95.85 billion as compared to US \$ 86.05 Billion in the corresponding period last year.

Oil imports in April-March 2018-2019 were at US \$ 140.47 Billion which was 29.27 per cent higher than the oil imports of US \$ 108.6 Billion over the same period last year.

Rupee opened at a level of ₹ 65.1200 against US Dollar on 1st April, 2018 and closed at ₹ 69.0420 as on 29th March, 2019. Rupee experienced some volatility during the year touching high of ₹ 74.4900 intraday on 11.10.2018.

Sensex which was at 33,030.87 on 2nd April, 2018 closed at 38,672.91 on 29th March, 2019 registering a gain of 14.58 percent for FY 2018-2019.

During the year, Reserve Bank of India (RBI) increased repo rate by 25 basis points twice during the year and in February 2019 reduced rate by 25 basis points.

### **Steel Industry:**

India was the world's second largest steel producer, as of 2018.

In FY 2018, India produced 104.98 million tonnes (MT) and 103.13 MT of finished steel and crude steel, respectively. Crude steel production between April 2018 to January 2019 reached 87.98 million tonnes.

India was also a net exporter of steel in FY 2018. Exports and imports of finished steel stood at 5.15 MT and 6.55 MT respectively, during April 2018 to January 2019.

Steel consumption is expected to grow 7.5 percent year-on-year to 95.4 MT in 2018. India's steel production is expected to increase from 103.13 MT in FY 2018 to 128.6 MT by 2021.

The Government has taken various steps to boost the sector including the introduction of National Steel Policy 2017 and allowing 100 per cent Foreign Direct Investment (FDI) in the steel sector under the automatic route.

### **Iron ore Mines:**

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

Out of 51 C category mines, so far 19 mines were put up for auction. Out of 19 mines, 14 mines were auctioned successfully and in respect of 5 mines, there were no bidders hence auction was annulled. Balance of 32 mines has not been put up for auction till end of March 2019.

Presently, the A and B category mines which are completing Mining Lease terms by 2020, the Government has put up 4 mines for e-auction. The C category mines had the restriction for participation for captive usage. However, A and B category mines will not have restrictions of captive use, hence may witness more participation by the bidders.

### **Iron Ore:**

The prices of the iron ore lumps and fines remained range bound throughout the year. Considering the demand for iron ore, Supreme Court increased the mining capacity in Bellary and Chitradurga sector from 30 million ton to 35 million ton per annum.

India's iron ore imports increased during the second half of the current fiscal owing to the suspension of operations from November 2018 by public sector mining giant NMDC at its Donimalai mines in Ballari district.

NMDC suspended mining at Donimalai after the Karnataka Government imposed an 80 percent premium on sales. With this, an estimated seven million tonnes of iron ore production will come down. This has affected the price of iron ore.

#### **Coal and Coke:**

The Coke prices at the beginning of the year was around USD360 per MT and peaked to USD 400 per MT by 3rd quarter and subsequently prices dropped and closed at USD 330 per MT by end of the year.

The Prime Hard Coking Coal prices at the beginning of the year was around USD 210 per MT and peaked to USD 240 per MT by 3rd quarter and subsequently prices dropped and closed at USD 215 per MT by end of the year.

During year the supply of coke and coal was normal except in the 3rd quarter where the coal supplies from Australia got affected due to natural calamities and transportation issues and the supplies got normalized in the 4th quarter.

#### **Auto Industry:**

The automobile sector accounts for 7 percent of India's GDP and 45 percent of manufacturing GDP.

The industry produced a total 30,915,420 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in April-February 2019 as against 29,094,447 in April-February 2018, registering a growth of 6.26 percent over the same period last year.

The overall Commercial Vehicles (CV) segment registered a growth of 17.55 percent in April-February 2019 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) increased by 14.66 percent and Light Commercial Vehicles grew by 19.46 percent in April-February 2019 over the same period last year.

The CV sector registered a healthy growth till October 2018, due to pick up in construction and mining activities and increased inter-state movement of goods, with the streamlining of e-commerce and FMCG post GST implementation. After registering growth, the domestic CV sector has sharp contraction in sales of M&HCV (Truck) as well as slowdown in growth momentum in case of LCV (Trucks). The adverse impact of tightening financing environment arising from liquidity crisis at Non-Banking Financial Corporations (NBFCs), viability pressure because of higher fuel cost and weak freight rates and revision in axle load norms, and high insurance cost have collectively impacted CV demand.

#### **Auto Industry outlook:**

Ratings agency has maintained a stable outlook on the auto sector, anticipating improving sales in the sector during the next fiscal over expectations of better liquidity in non-bank financial companies. The 'stable' outlook comes despite subdued sales numbers in the last couple of months.

Commercial vehicle companies are likely to post strong volume growth owing to pre-buying happening due to a change in emission norms from BSIV to BSVI from April 2020. The implementation of the scrappage policy is also on the cards, which can spur additional demand for approximately 250,000 vehicles to the market. Additionally, an expected drop in fuel price should improve profitability of fleet operators, spurring demand for construction vehicles for road infrastructure activities. Considering these factors, it is expected that the CV industry to register a new peak of 11 percent over FY18-20.

Future of Indian Automotive Industry will remain in the robust growth horizon over the next decade with the volume growth in the region of around 15 percent a year, recording a CAGR of over 12 percent.

**Tractor industry :**

The growth for tractor industry for FY 2019 is expected to be 10-12 percent approximately 8 Lakhs unit compared to 7.11 lakh units in FY 2017-2018 continuing the growth momentum over the past two financial years.

Steps taken by the Government to enhance farmers' income as the primary growth drivers. The Union Government's initiatives towards enhancing farmers' incomes, in addition to schemes aimed at improving irrigation and insurance coverage and the MSP (Minimum Support Price) hikes have been better than previous years. Loan waiver announced in three states is likely to boost sales.

**Tractor industry Outlook:**

Supplementation of tractor usage with non-agri operations like haulage for construction activities as infrastructure development picks up steam pan-India, coupled with easy financing options, and various Government support programmes will give a boost to the domestic tractor market.

The long term tractor industry CAGR from fiscal 2018 to fiscal 2023 is expected to be 7 to 9 percent. The forecast also takes into account possibility of 1-2 deficient rainfall years during this period.

Governments renewed thrust towards improving the rural economy, via measures such as doubling farm income by 2022, increasing spend towards irrigation, and improving crop productivity by distributing soil health cards is expected to drive growth in the long term. This will also be supported by other measures like the e-NAM (National Agriculture Market), expanding crop insurance, and gradual spread of Custom Hiring centres. With growth in rural wages also decelerating, and increasing mechanization on farm fields, this bodes well for structural tractor demand growth.

Cost of tractors in India is the cheapest in world. The cost of a finished tractor in India is as much as the cost of gear box in developed countries. Hence there exists tremendous scope for exports.

**Crude oil prices:**

Oil prices have been volatile due to swings in supply. On 10th May, 2018, prices rose to a record of \$80 per barrel.

Crude oil prices have been volatile since August, reflecting supply influences, including US policy on Iranian oil exports and, more recently, fears of softening global demand. As of early January, crude oil prices stood at around \$55 a barrel, and markets expected prices to remain broadly at that level over the next 4-5 years.

**B. Company Performance**

Your Company achieved net sales of ₹ 215,915 Lakhs (previous year ₹ 176,519 Lakhs).

The profit before tax for the year under review stood at ₹ 14,671 Lakhs as compared to ₹ 5,442 Lakhs of the previous year after providing for depreciation and amortisation.

**C. Operational Performance**

Your Company sold 358,557 MT of pig iron valued at ₹ 117,572 Lakhs during FY 2018-2019 as compared to 306,303 MT of pig iron valued at ₹ 91,602 Lakhs in the previous year.

Pig iron business showed recovery in respect of margins with the improvement of pig iron selling price and a small reduction in raw material cost.

Your Company sold 97,268 MT castings aggregating to ₹ 92,311 Lakhs during FY 2018-2019 as compared to 82,922 MT castings aggregating to ₹ 72,126 Lakhs in the previous year.

There was a good demand for castings for both from tractor and automobile industry throughout the year except for the last quarter of the year, which witnessed marginal reduction for the demand for the casting. During the year under review, the casting gross sales crossed one lakh ton casting. The increase in demand for castings has come from new customers as well as from existing customers.

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

- 1) in Koppal plant arising out of generation of power using blast furnace gas and with the revamping of turbo generators.
- 2) owing to the commissioning of 10 MW AC (11 MW DC) Solar power plant at Solapur.

During the year under review, rupee has been generally operating in the range as high as ₹ 74.49 and low as ₹ 64.85 to a dollar, giving mixed results for the price paid on the import of coke and coal.

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

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

- 1) Railway siding at its plant at Koppal. However, clearance from Railway for commercial operations is awaited. This project will facilitate inward movement of raw materials and outward movement of pig iron resulting in reduction in cost of transportation and handling losses.
- 2) Installed and commissioned 10 MW AC (11 MW DC) solar power plant at Solapur in October 2018. This has resulted in reduction of power cost of the foundry at Solapur.
- 3) Acquired following two mines by participating in the mines auction in Karnataka
  1. M/s. Bharath Mines & Minerals
  2. Sri. M Channakesava Reddy (M/s. Sri Lakshmi Narasimha Mining Co)

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

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

- 1) Company is working on more value added products to secure increased orders for machined castings from its customers by setting proper machining facilities with appropriate machines.
- 2) Installed mechanised fettling facilities for superior casting finish both at Koppal and Solapur Plant.
- 3) Commenced the project activity for 2 lakh ton Coke Oven plant and 20 MW Power Plant and the progress so far is satisfactory and project work is progressing as per time line and expected to be commissioned in the quarter IV of FY 2019-2020.

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

Sr. No.	Particulars	Ratio as on 31st March, 2019	Ratio as on 31st March, 2018	% Change	Explanations, if any
i.	Debtors' Turnover	6.42	7.03	(9%)	Not Applicable
ii.	Inventory Turnover	5.83	6.78	(14%)	Not Applicable
iii.	Interest Coverage Ratio	10.19	6.06	68%	Refer Note 1
iv.	Current Ratio	1.11	1.05	6%	Not Applicable
v.	Debt Equity Ratio	0.17	0.12	43%	Refer Note 2
vi.	Operating Profit Margin (%)	12.23	8.71	40%	Refer Note 1
vii.	Net Profit Margin (%)	4.53	2.15	111%	Refer Note 1

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

Sr. No.	Particulars	Ratio as on 31st March, 2019	Ratio as on 31st March, 2018	% Change	Explanations
1	Net worth	14.95	6.31	137%	Refer Note 1

**Notes:**

1. Pig Iron sales have increased by 28 percent and Castings sales by 28 percent as compared to previous year. The material consumption, including stores spares consumption has decreased to 72.3 percent in current year compared to 74.5 percent in previous year.
2. Debt Equity ratio has increased on account of Term Loan Borrowings for Solar and Coke oven plant obtained during the year.

**D. Cost Control**

Your Company adopted the following measures to reduce cost:

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

**E. Concerns and Threats**

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

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

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

Switch to Electronic Vehicles from Internal Combustion engines in long run.

**F. Prospects for the Current Year**

1. Company proposes to participate again in e-auction of further iron ore mines in Karnataka as and when the State Government invites the tender for participation in the same to further increase the availability of iron ore from its own source.
2. Supply more machined castings to increase value of sales. Machine shops will be commissioned progressively in a phased manner based on order positions.
3. Setting up pulverised coal injection to one mini blast furnace to affect cost reduction in input cost of raw materials namely coke.
4. Installation and commissioning of 2 lakh ton capacity coke oven plant and 20 MW power plant. This will further help in reducing the cost of raw material as well as reducing the power cost.
5. More usage of concentrated iron ore in sinter plant to reduce input cost of materials.
6. To install two core centers at Koppal plant and Solapur plant to increase the production of water jacket blocks in cold box for higher productivity and cleaner castings.
7. Expansion of fettling shop both in Koppal and Solapur foundry for higher productivity and better quality, reliability using snag grinding machines and robotic grinding / fettling shop.
8. Exploring the possibility of installing additional 5 MW solar power plant at Solapur to further reduce the power cost of the foundry at Solapur and this will facilitate in meeting almost entire power requirement of the foundry.

**Cautionary Statement**

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

**G. Internal Control Systems and their adequacy**

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

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

**H. Safety, Health and Environment**

Your Company believes in "Safety First" and is committed to provide "Safe Workplace" by addressing Safety, Health and Environment related issues by emphasizing safety culture in the organisation. Employees are regularly trained to update their awareness and skills. New employees are being given intensive safety induction training and on job training. On completion, "Safety Passport" related to their work area is issued authorizing the person to enter the plant / department. All the statutory requirements related to safety, health and environment are being complied with. As a proactive approach, the periodical safety audit (internal), cross functional safety audit, external audits are conducted by safety experts to enhance safety performance.

National Safety Council and other agencies engaged to identify unsafe conditions / unsafe acts if any and to recommend remedial safety measures / actions. Safety Performance Management System developed through Hazard Identification and Risk assessment (HIRA); Safe Operating Procedures (SOP) were developed emphasizing on engineering controls. Reporting of "Near Miss cases" and "First Aid Injuries" are being practiced to take corrective and preventive action to achieve the goal of zero accidents.

Policies are developed and implemented viz., safety observation and hazard elimination policy, Safety cardinal rules, mission accident free quarter, safety violation penalty policy, Injury On Work (IOW) policy etc.,

Company is having well equipped "Occupational Health Centre" with a full-time Doctor and qualified paramedical staffs. The pre-employment health check-up of the employees are being conducted and also regular health checkups conducted on annual basis during the continuance of the employment. The Company has provided well equipped two ambulances which are available at all times to fulfill the requirement of emergencies of employees as well as for the neighboring community. Tractor mounted water tanker with capacity of 5.0 KL has been provided round the clock in the plant premises attached to security department to tackle unexpected fire incidents.

Company is certified for Quality Management Systems under IATF 16949:2016, Environmental Management System under ISO 14001:2015 and also certified for Occupational Health and Safety Assessment Series (OHSAS 18001:2007) by Indian Register Quality Systems (IRQS). OHSAS system is in the process of up-gradation.

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

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

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

Under ISO: 14001 and OHSAS: 18001, the following management programs have been taken-up and completed during FY2018-19 at its plant at Koppal.

1. Dust extraction system is being installed at DK6 casting unloading area.
2. As a part of environmental improvement project, the existing 376 meters of porous fence (mesh) of 12 meters height has been extended by another 80 meters in northern boundary to prevent the fugitive dust emission.
3. Construction of around 130 meters of concrete roads near cooling water tank to MBF1 to prevent dust emission due to vehicular movement; till date total of 1,951 meters concrete road has been completed.
4. Ambient Air Monitoring Quality System (AAMQS) has been connected to Central Pollution Control Board as per the KSPCB requirement.
5. Plantation of around 5,000 tree saplings during the year in and around the plant premises to increase the green belt area.

#### **I. Social Responsibility**

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

##### Rural Education

- 2,300 school bags and 2,500 note books were distributed among school children of neighboring Government Schools.
- Financial assistance was given to Government Higher Primary School of Bevinahalli for providing educational tour for children.
- Provided 50 writing desks and benches to Government Higher Primary School Koppal.



- Financial assistance given to Koppal District Administration, for awareness program on Child marriage prevention.
- Scholarship provided to the students of neighboring villages who scored 80 percent and above in SSLC and PUC examination.
- Financial assistance for an Educational Trust at Koppal for construction of 'Samudaya Bhavan'.

#### Health and Hygiene

- Implemented Kirloskar WaSH initiative at Koppal and Solapur (clean and Beautiful School). Koppal Plant covered 54 schools and 13,000 students were benefitted while Solapur Plant covered 8 schools and 4,800 students were benefitted.
- Organized 'Free Cancer Screening Camp' in association with Indian Cancer Society, Bangalore at Koppal. 223 people were screened and one person was detected positive. Further, Company has supported for higher medical treatment and the patient is recovering.
- Engaged a General Physician doctor once in a week and Pediatrician every 1st Saturday of month to Bevinahalli village and also the Company Medical Officer visit twice a week. The Company is providing free medicines.
- Support towards pulse polio programme.
- Company Ambulance facility has been extended to the neighboring village in case of emergency.
- Conducted 'Blood Donation Camp' in association with Indian Red Cross Society, Koppal. 150 employees donated blood.
- Financial support is given for higher medical treatment for deprived villagers.

#### Infrastructure

- Constructed 300 meters long storm water drain at Bevinahalli village.
- Provided RO Water units at Government Higher Primary School, Hosahalli and Bevinahalli.
- Provided drinking water stations (RO water) at Gavisiddeshwara Car festival at Koppal for 10 days.
- Provided 100 Beds to Government Hospital, Hosapete.

#### Community Development

- Bevinahalli village is being developed as a Model Village in Koppal Taluk, by 2021. The Company supports the following activities undertaken at Bevinahalli village:
  - Primary Information Centre.
  - Garment Tailoring Training.
  - Beautician training for ladies.
  - Food processing and marketing.
  - Organic farming.
  - Waste Management.

#### Environment

- Provided tree guards at schools and Gram Panchayat at Bhagyanagar, Koppal.
- Kirloskar - Vasundhara International Film Festival (KVIFF) was organized both at Koppal and Solapur in order to bring awareness among people to take care of the environment under the theme "Prevent Pollution, Protect Rivers". Screening of films at schools and

colleges, conducted various competitions on environment, enacted Street Play's, Cycle Jatha at Hosapete were organized.

## **J. Human Resource**

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

The Company has taken-up the following initiatives-

- To develop future leaders, Company organized Management Development Programmes (MDP) on various topics. The training program was also organized for Senior Leadership team.
- Training programmes on behavioral and technical skills were organized on a continuous basis by engaging internal and external faculties to enhance competencies and skills of employees.
- For developing leadership pipeline, an external agency was entrusted to identify competence of fast trackers through Development Center (DC), one to one feedback that led to Individual Development Plan (IDP) and subsequent interventions.
- To enhance safety culture "Behavioral Based Safety" training programmes were conducted.
- Training Programme on 'Structured Problem Solving Technique' was organized.
- Performance of employees is monitored through an effective performance management system on quarterly basis.
- Communication meet by top management with managerial staff on the 'Business Scenario' and Annual Operating Plan / Long Range Plan, as well as sharing knowledge with young professionals through staff dialogues was organised.
- The talented employees are continuously recognised and are motivated through rewards and recognitions.
- Conducted skill development programmes for apprentices / trainees as per their trade.
- Initiated monthly 'Swachh Abhiyan' at Company premises to eliminate waste and to keep the area clean and aesthetic for better working atmosphere.
- Training Programme on 'Life Management' and 'Stress Management' was organized by external faculties.
- Training programme on '5'S and TPM were organized on a regular basis.
- Engaged a human development consultant to conduct HR diagnostic and submit a detailed report, which are being implemented in a phased manner.

As on 31st March, 2019, the total number of salaried employees stood at 1,371.

The Employer - Employee relations was cordial throughout the year.

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

- Best Business Partner" Award from M&M Tractor Division, 2018.
- Best Delivery Performance" Award from TAFE, 2018.
- MSES "B" Level certification Award from M&M Ltd., 2018.
- Faster component Development" Award from SONALIKA, 2018.
- Our State, Our Organization" Award in large industry category, Second State Level HR Professional Kannada Conference 2018.
- "5S EXCELLENCE" Award from IIF – JAN"19.
- IIF – Jayaswal Neco Quality Award – 1st in India.

- M&M - "Sustainable Performance Award.
- Mahindra Supplier Excellence Award – Business Partner of the year.

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

**1. ANNUAL RETURN**

The details forming part of the Extract of the Annual Return in form MGT-9 are annexed herewith as Annexure 'A'.

The Annual Return filed with the Registrar of Companies (ROC) for the financial year 2017-2018 is available at the website of the Company viz. [www.kfil.com](http://www.kfil.com) and the Annual Return for the financial year 2018-2019 will be made available on the website once it is filed with ROC.

**2. NUMBER OF MEETINGS OF THE BOARD**

During the financial year 2018-2019 five Board Meetings were convened and held, the details of which are given in Clause 2(b) of the Corporate Governance Report.

**3. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- in the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards had been followed and there were no material departures;
- accounting policies as mentioned in Note 2 of the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended on that date;
- 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;
- the annual financial statements have been prepared on a going concern basis;
- proper internal financial controls were laid down and such internal financial controls were adequate and were operating effectively; and
- proper systems to ensure compliance with the provisions of all applicable laws were in place and such systems were adequate and operating effectively.

**4. STATEMENT ON DECLARATION BY THE INDEPENDENT DIRECTORS**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

The Company has laid down a Code for the Board of Directors and Senior Management of the Company. The said Code is available on the website of the Company viz., [www.kfil.com](http://www.kfil.com)

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

## **5. NOMINATION AND REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, KMPs and Senior Management Personnel and their remuneration. The policy is available on the website of the Company, viz. [www.kfil.com](http://www.kfil.com)

## **6. EXPLANATION OR COMMENTS ON AUDITORS' REPORT AND SECRETARIAL AUDIT REPORT**

There are no qualifications, reservations or adverse remarks or disclaimer made by the statutory auditors in their audit report or by the practicing company secretary in the secretarial audit report.

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

The Company has granted loans aggregating to ₹ 22,927,000 during the year ended 31st March, 2019. These primarily consist of loans to employees as per the policies of the Company and loans to suppliers in the normal course of business of the Company. The closing balances of these loans are disclosed under the schedule of Loans and Advances in the financial statements. The Company has not given any guarantees or made any investments during the year, which would be covered by Section 186 of the Companies Act, 2013.

## **8. RELATED PARTY TRANSACTIONS**

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business. Hence, no particulars are being provided in Form AOC-2.

## **9. STATE OF COMPANY'S AFFAIRS**

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

## **10. AMOUNTS PROPOSED TO BE CARRIED TO RESERVES**

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

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

There are no adverse material changes or commitments occurring after 31st March, 2019 which may affect the financial position of the Company or may require disclosure.

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

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

## **13. RISK MANAGEMENT POLICY**

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

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

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

#### 14. CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

The Company has been carrying out Corporate Social Responsibility (CSR) activities. These activities are carried out in terms of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Annual Report on CSR activities includes details about the CSR policy developed and implemented by the Company. CSR initiatives taken during the year is annexed herewith as Annexure "C".

#### 15. BOARD EVALUATION

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

#### 16. CHANGE IN THE NATURE OF BUSINESS

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

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

Mr. Rahul C. Kirloskar retires by rotation and being eligible, offers himself for re-appointment.

Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors has recommended re-appointment of Mrs. Nalini Venkatesh, Mr. R. Sampathkumar and Mr. B. S. Govind as Independent Directors of the Company to hold office for second term as per details given below, pursuant to provisions of Section 149 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

Name of the Director	Term of	Upto
Mrs. Nalini Venkatesh	5 consecutive years	12th August, 2024
Mr. R. Sampathkumar	3 consecutive years	12th August, 2022
Mr. B. S. Govind	1 year	12th August, 2020

The resolutions seeking approval of the Members by special resolution for re-appointment of Independent Directors have been incorporated in the Notice of Annual General Meeting.

#### Directors / Key Managerial Personnel (KMP) appointed during the FY 2018-2019

The Members at their Annual General Meeting held on 25th July, 2018 have re-appointed Mr. R. V. Gumaste as the Managing Director of the Company for a period of 5 years with effect from 1st July, 2018. He is also Key Managerial Person (KMP).

The Members at their Annual General Meeting held on 25th July, 2018 have also re-appointed Mr. A. R. Jamenis as Independent Director to hold office for a second term of two consecutive years upto 12th August, 2020.

There was no change in other Key Managerial Personnel during the FY 2018-2019.

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

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

#### 19. DEPOSITS

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

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

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

## 21. INTERNAL FINANCIAL CONTROLS

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

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

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

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Please refer Annexure 'D-1'
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Please refer Annexure 'D-2'
3	The percentage increase in the median remuneration of employees in the financial year	12.18 percent
4	The number of permanent employees on the rolls of Company	1,371
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Percentage increase in salaries of managerial personnel at 50th percentile: 25.71 percent Percentage increase in salaries of Non-manual personnel at 50th percentile: 5.57 percent (Note: Percentage increase in salaries of Non-manual personnel is in the range 1 percent to 71 percent). The salary increases are a function of various factors like individual performance vis-à-vis individual Key Performance Indicators (KPIs), industry trends, economic situation, future growth prospects, etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid to the Directors is as per the Remuneration policy of the Company.

Sr. No.	Information Required	Input
7	<p>Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee, who-</p> <p>(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;</p> <p>(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;</p> <p>(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.</p>	Please refer Annexure 'E'

#### IV. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Board of Directors has adopted the Vigil Mechanism / Whistle Blower Policy. The policy has provided a mechanism for Directors, Employees and other persons dealing with the Company to report to the Chairman of the Audit Committee, any instance of unethical behaviour, actual or suspected fraud or violation of the Code of Conduct of the Company or leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations or any other instance.

The details of the policy have been uploaded at the website of the Company, viz. [www.kfil.com](http://www.kfil.com).

#### V. COMPOSITION OF AUDIT COMMITTEE

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

#### VI. EMPLOYEE STOCK OPTIONS SCHEME (ESOS):

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

The Nomination and Remuneration Committee at its meeting held on 30th October, 2018, approved the grant of 120,000 stock options exercisable into 120,000 Equity Shares of the Company pursuant to the approval of the shareholders received at the Annual General Meeting held on 3rd August, 2017. KFIL ESOS 2017 is in compliance with the applicable provisions of the Companies Act, 2013 and its rules, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("Employee Benefits Regulations") and other applicable regulations, if any.

The certificate from M/s. Kirtane & Pandit LLP, Chartered Accountants, Statutory Auditors of the Company, confirming that the scheme has been implemented in accordance with the aforesaid regulations and in accordance with the resolution passed by the Company at its Annual General Meeting held on 3rd 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.

There have been no material changes to the KFIL ESOS 2017 during the financial year. The Disclosures on the plan, details of options granted, shares allotted upon exercise etc. as required under Employee Benefits Regulations are enclosed herewith as Annexure No. 'G' and the same is included in the annual report uploaded on the Company's website at [www.kfil.com](http://www.kfil.com).

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

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

## VII. AUDITORS

### 1. Statutory Auditors

At the 25th Annual General Meeting held on 28th July, 2016, M/s. Kirtane & Pandit LLP, Chartered Accountants [Firm Registration No.: 105215W/W100057], were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 30th Annual General Meeting to be held in the year 2021.

The Company has received a certificate from the Auditors to the effect that they are fulfilling requirements prescribed under provisions of Section 141 of the Companies Act, 2013.

### 2. Secretarial Audit

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

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

### 3. Cost Auditor

The Board of Directors at its meeting held on 3rd May, 2019 has appointed M/s. Parkhi Limaye and Co, Cost Accountants as the Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year ending 31st March, 2020.

The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and such accounts and records are maintained by the Company.

## VIII. CORPORATE GOVERNANCE

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



**IX. SECRETARIAL STANDARDS**

During the year under review, the Company has complied with Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013.

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

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.

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

**XI. APPRECIATION**

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

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR  
Chairman  
DIN : 00007387

Pune : 3rd May, 2019

## ANNEXURE "A"

**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31st March, 2019**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

i)	CIN	L27101PN1991PLC063223
ii)	Registration date	10th September, 1991
iii)	Name of the Company	Kirloskar Ferrous Industries Limited
iv)	Category / Sub category of the Company	Public Company / Limited by Shares
v)	Address of the Registered office and contact details	13, Laxmanrao Kirloskar Road, Khadki, Pune 411003 Tel No : (020) 66084664 Fax No : (020) 25813208 Email : <a href="mailto:investor@kfil.com">investor@kfil.com</a> Website : <a href="http://www.kfil.com">www.kfil.com</a>
vi)	Whether listed Company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited Akshay Complex, Block No. 202, Second Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune 411001 Tel No : (020) 26160084 Fax No : (020) 26163503 E-mail: <a href="mailto:pune@linkintime.co.in">pune@linkintime.co.in</a>

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the product / service	Percentage to total turnover of the Company
1	Iron Castings	27310	97.20

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kirloskar Industries Limited Office No. 801, 8th Floor, Cello Platina, F.C. Road, Shivajinagar, Pune 411005	L70100PN1978PLC088972	Holding Company	51.32	2(46)

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

**i) Category-wise Shareholding:**

	Category of Shareholders	Number of shares held at the beginning of the year ie.1st April, 2018				Number of shares held at the end of the year ie. 31st March, 2019				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(A)</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
a)	Individual / HUF	9,139,327	-	9,139,327	6.66	9,139,327	-	9,139,327	6.64	(0.02)
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	72,644,495	-	72,644,495	52.90	72,644,495	-	72,644,495	52.77	(0.13)
e)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>81,783,822</b>	-	<b>81,783,822</b>	<b>59.56</b>	<b>81,783,822</b>	-	<b>81,783,822</b>	<b>59.41</b>	<b>(0.15)</b>
<b>(2)</b>	<b>Foreign</b>									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	-	-	-	-	-	-	-	-	-
	<b>Total Shareholding of Promoters</b>									
	<b>(A) = (A)(1)+(A)(2)</b>	<b>81,783,822</b>	-	<b>81,783,822</b>	<b>59.56</b>	<b>81,783,822</b>	-	<b>81,783,822</b>	<b>59.41</b>	<b>(0.15)</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
a)	Mutual Funds / UTI	8,530,541	3,500	8,534,041	6.22	17,100,909	3,500	17,104,409	12.43	6.21
b)	Banks / Financial Institutions	-	500	500	0.00	-	500	500	0.00	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors (FII)	5,000	23,500	28,500	0.02	5,000	23,500	28,500	0.02	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

i) Category-wise Shareholding:

Category of Shareholders	Number of shares held at the beginning of the year ie. 1st April, 2018				Number of shares held at the end of the year ie. 31st March, 2019				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
i) Any other (specify)									
(i) Foreign Portfolio Investors	860,967	-	860,967	0.63	34,044	-	34,044	0.02	(0.61)
(ii) Alternate Investments Fund	-	-	-	-	10,982	-	10,982	0.01	0.01
<b>Sub-Total (B)(1)</b>	<b>9,396,508</b>	<b>27,500</b>	<b>9,424,008</b>	<b>6.87</b>	<b>17,150,935</b>	<b>27,500</b>	<b>17,178,435</b>	<b>12.48</b>	<b>5.61</b>
<b>(2) Non - Institutions</b>									
(a) Bodies Corporate									
i) Indian	4,924,439	520,300	5,444,739	3.97	2,459,514	517,300	2,976,814	2.16	(1.81)
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs 1 lakh	19,108,495	3,041,709	22,150,204	16.13	15,753,266	2,686,090	18,439,356	13.40	(2.73)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	12,933,899	-	12,933,899	9.42	11,481,161	-	11,481,161	8.34	(1.08)
(c) Others									
i) Non - Resident Indians	1,350,321	445,540	1,795,861	1.31	1,332,760	390,140	1,722,900	1.25	(0.06)
ii) Clearing Members	373,843	-	373,843	0.27	112,767	-	112,767	0.08	(0.19)
iii) Directors and their relatives	196,988	-	196,988	0.14	360,488	-	360,488	0.26	0.12
iv) Hindu Undivided Families	1,886,230	600	1,886,830	1.37	1,855,223	-	1,855,223	1.35	(0.02)
v) Trusts	500	-	500	0.00	1,175	-	1,175	0.00	-
vi) IEPF	1,317,387	-	1,317,387	0.96	1,484,850	-	1,484,850	1.08	0.12
vii) NBFCs registered with RBI	-	-	-	-	25,690	-	25,690	0.02	0.02
viii) Employees	-	-	-	-	224,160	2,200	226,360	0.17	0.17
<b>Sub-Total (B)(2)</b>	<b>42,092,102</b>	<b>4,008,149</b>	<b>46,100,251</b>	<b>33.57</b>	<b>35,091,054</b>	<b>3,595,730</b>	<b>38,686,784</b>	<b>28.11</b>	<b>(5.46)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>51,488,610</b>	<b>4,035,649</b>	<b>55,524,259</b>	<b>40.44</b>	<b>52,241,989</b>	<b>3,623,230</b>	<b>55,865,219</b>	<b>40.59</b>	<b>0.15</b>
(C) Shares held by Custodians for GDRs and ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>133,272,432</b>	<b>4,035,649</b>	<b>137,308,081</b>	<b>100.00</b>	<b>134,025,811</b>	<b>3,623,230</b>	<b>137,649,041</b>	<b>100.00</b>	<b>-</b>

ii) **Shareholding of Promoters :**

Sl. No.	Shareholders Name	Shareholding as at 1st April, 2018		Shareholding as at 31st March, 2019	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Kirloskar Industries Limited	70,643,754	51.45	70,643,754	51.32
2	Jyotsna Gautam Kulkarni	3,098,640	2.26	1,549,320	1.13
3	Kirloskar Pneumatic Company Limited	2,000,000	1.46	2,000,000	1.45
4	Alpana Rahul Kirloskar	1,591,229	1.16	1,591,229	1.16
5	Arti Atul Kirloskar	1,493,865	1.09	1,493,865	1.09
6	Atul C. Kirloskar	1,427,939	1.04	1,427,939	1.04
7	Rahul C. Kirloskar	1,425,279	1.04	1,425,279	1.04
8	Suman C. Kirloskar	90,535	0.07	90,535	0.06
9	Mrinalini Shreekant Kirloskar	6,500	0.00	6,500	0.00
10	Alok Sanjay Kirloskar	1,520	0.00	1,520	0.00
11	Gauri Kirloskar – Kolenaty	1,140	0.00	1,140	0.00
12	Aditi Atul Kirloskar	760	0.00	760	0.00
13	Rama Sanjay Kirloskar	760	0.00	760	0.00
14	Achyut & Neeta Holdings & Finance Private Limited	541	0.00	541	0.00
15	Sanjay C. Kirloskar	380	0.00	380	0.00
16	Alika Rahul Kirloskar	380	0.00	380	0.00
17	Geetanjali Vikram Kirloskar	200	0.00	200	0.00
18	Roopa Jayant Gupta	200	0.00	200	0.00
19	Alpak Investments Private Limited	100	0.00	100	0.00
20	Navsai Investments Private Limited	100	0.00	100	0.00
21	Nihal Gautam Kulkarni	N.A.	-	774,660	0.56
22	Ambar Gautam Kulkarni	N.A.	-	774,660	0.56
	<b>Total</b>	<b>81,783,822</b>	<b>59.56</b>	<b>81,783,822</b>	<b>59.41</b>

**Notes :**

- Atul C. Kirloskar holds 1,427,179 equity shares in the individual capacity and 380 as Karta of Atul C. Kirloskar (HUF) and 380 equity shares as a Trustee of C. S. Kirloskar Testamentary Trust.
- Rahul C. Kirloskar holds 1,424,899 equity shares in the individual capacity and 380 equity shares as a Trustee of C. S. Kirloskar Testamentary Trust.
- Sanjay C. Kirloskar holds 380 equity shares as Karta of Sanjay C. Kirloskar (HUF).
- Suman C. Kirloskar holds 42,705 equity shares in the individual capacity and 47,450 equity shares as Karta of C. S. Kirloskar (HUF) and 380 equity shares as a Trustee of Vijaya Durga Devi Trust.
- Vikram S. Kirloskar is the Promoter of the Company. However, he does not hold any equity share in the Company.
- Figures shown as "0.00" above are not Nil, but rounded off to 2 decimals.
- In case of joint holding, the name of the first holder is considered.
- No shares of promoters have been pledged or encumbered as of 1st April, 2018 or 31st March, 2019 or during the year ended 31st March, 2019.

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

During the financial year 2018–2019, the change in the shareholding of Promoters is as per details given below:

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
<b>Jyotsna Gautam Kulkarni</b>				
As on 1st April, 2018	3,098,640	2.26		
774,660 shares transferred to Nihal Kulkarni and Ambar Kulkarni respectively on 21st February, 2019	1,549,320	1.13	1,549,320	1.13
As on 31st March, 2019			1,549,320	1.13
<b>Nihal Gautam Kulkarni</b>				
As on 1st April, 2018	Nil	--		
Acquisition of 774,660 equity shares from Ms. Jyotsna Kulkarni by way of gift through off market on 21st February, 2019.	774,660	0.56	774,660	0.56
As on 31st March, 2019			774,660	0.56
<b>Ambar Gautam Kulkarni</b>				
As on 1st April, 2018	Nil	--		
Acquisition of 774,660 equity shares from Ms. Jyotsna Kulkarni by way of gift through off market on 21st February, 2019.	774,660	0.56	774,660	0.56
As on 31st March, 2019			774,660	0.56

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

Shareholding pattern of top ten shareholders as at the beginning of the year (i.e.1st April, 2018):

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

Shareholding pattern of top ten shareholders as at the end of the year (i.e. 31st March, 2019):

Sl. No.	Name of Shareholder	Number of shares	% of total shares of the Company
1	HDFC Small Cap Fund	5,208,667	3.78
2	DSP Small Cap Fund	3,515,106	2.55
3	Arun Nahar	2,717,587	1.97
4	Principal Trustee Co. Pvt. Ltd A/c -HYBRID Equity Fund	1,963,888	1.43
5	Investor Education And Protection Fund Authority Ministry Of Corporate Affairs	1,484,850	1.08
6	IDFC Sterling Value Fund	1,408,614	1.02
7	Jagdish Amritlal Shah	1,283,530	0.93
8	IDFC Tax Advantage (ELSS) Fund	1,163,416	0.85
9	Principal Multi Cap Growth Fund	1,100,549	0.80
10	SBI Magnum Comma Fund	950,000	0.69

**Notes :**

- In case of joint holding, the name of the first holder is considered.
- The increase / decrease in shareholding above is due to transactions between shareholders.
- The shareholding details given above are based on the legal ownership and not beneficial ownership and is derived based on the folio number listing provided by the Registrar and Transfer agent of the Company.

**Shareholding of Directors and Key Managerial Personnel:**

Shareholding of Directors:

Sl. No.	Name of Director	Shareholding as at the beginning of the year (i.e.1st April, 2018)		Shareholding as at the end of the year (i.e. 31st March, 2019)	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	Mr. Atul C. Kirloskar	1,427,939	1.04	1,427,939	1.04
2	Mr. Rahul C. Kirloskar	1,425,279	1.04	1,425,279	1.04
3	Mr. R. V. Gumaste	99,021	0.07	262,521	0.19
4	Mr. A. N. Alawani	35,000	0.03	35,000	0.03
5	Mr. A. R. Jamenis	3,400	0.00	3,400	0.00
6	Mrs. Nalini Venkatesh	10,600	0.01	10,600	0.01
7	Mr. B. S. Govind	200	0.00	200	0.00
8	Mr. R. Sampathkumar	Nil	--	Nil	--
9	Mr. Y. S. Bhawe	Nil	--	Nil	--
10	Mr. M. R. Chhabria	Nil	--	Nil	--

**Notes :**

- The above details are based on the legal ownership and not on beneficial ownership
- The shareholding above reflects the ownership post the person being appointed a Director or KMP.

Shareholding of Key Managerial Personnel:

SI No	Name of Key Managerial Personnel	Shareholding as at the beginning of the year (i.e. 1st April, 2018)		Shareholding as at the end of the year (i.e. 31st March, 2019)	
		Number of shares	% to total shares of the Company	Number of shares	% to total shares of the Company
1	Mr. R. V. Gumaste Managing Director	99,021	0.07	262,521	0.19
2	Mr. C. S. Panicker Company Secretary	-	-	28,500	0.02
3	Mr. R. S. Srivatsan Chief Financial Officer	-	-	27,000	0.02

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment:  
(Amount in Rupees)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness as at 31st March, 2018				
i) Principal amount	615,872,072	108,019,710	-	723,891,782
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	21,357	-	-	21,357
Total (i+ii+iii)	615,893,429	108,019,710	-	723,913,139
Change in indebtedness during the financial year				
- Addition/(reduction) in cash credit accounts*	(44,895,668)	-	-	(44,895,668)
- Addition in loans other than cash credit #	123,495,822	590,374,118	-	713,869,940
- (Reduction in loans other than cash credit)	(23,426,220)	(100,515,572)	-	(123,941,792)
Net change	55,173,934	489,858,546	-	545,032,480
Indebtedness as at 31st March, 2019				
i) Principal amount	670,976,404	597,837,769	-	1,268,814,173
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	90,959	40,487	-	131,446
Total (i+ii+iii)	671,067,363	597,878,256	-	1,268,945,619

# Represents interest amount paid during the year.

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



**VI. Remuneration of Directors and Key Managerial Personnel****A. Remuneration to Managing Director, Whole Time Directors and/or Manager :**

(Amount in Rupees)

Sl. No.	Particulars of Remuneration	Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	16,025,351
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	704,781
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-
2.	Stock Option	4,550,000
3.	Sweat Equity	-
4.	Commission	
	- as percentage of profit	37,500,000
	- others	-
5.	Others	-
	Total (A)	58,780,132
	Ceiling as per the Act	76,705,464

**B. Remuneration to other Directors :**

(Amount in Rupees)

Sl. No.	Name of Director	Particulars of Remuneration			Total Amount
		Fees for attending board / committee meetings	Commission	Others	
1.	Independent Directors				
	Mr. A. R. Jamenis	700,000	1,100,000	-	1,800,000
	Mrs. Nalini Venkatesh	450,000	1,100,000	-	1,550,000
	Mr. B. S. Govind	450,000	1,400,000	-	1,850,000
	Mr. R. Sampathkumar	300,000	500,000	-	800,000
	Mr. Y. S. Bhawe	250,000	300,000	-	550,000
	Total (1)	2,150,000	4,400,000	-	6,550,000
2.	Other Non Executive Directors				
	Mr. Atul C. Kirloskar	400,000	500,000	-	900,000
	Mr. Rahul C. Kirloskar	300,000	500,000	-	800,000
	Mr. A. N. Alawani	650,000	2,300,000	-	2,950,000
	Mr. M. R. Chhabria	250,000	500,000	-	750,000
	Total (2)	1,600,000	3,800,000	-	5,400,000
	Total (B)=(1+2)	3,750,000	8,200,000	-	11,950,000
	Ceiling as per the Act		15,341,093		
	Total Managerial Remuneration (A+B)*		66,980,132		
	Overall Ceiling as per the Act		92,046,557		

\* Exclusive of Sitting Fees paid to Non Executive Directors.

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

(Amount in Rupees)

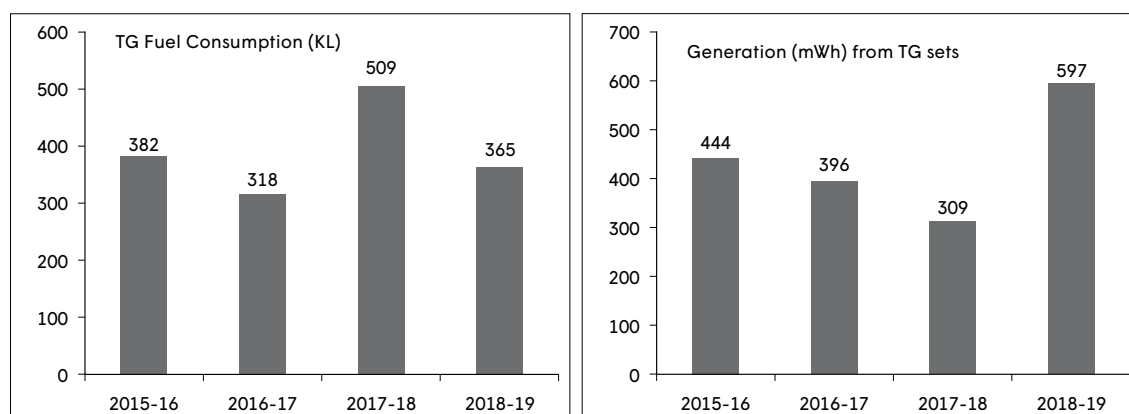
Sl. No.	Particulars of Remuneration	Company Secretary	CFO	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	7,610,092	8,185,627	15,795,719
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	147,953	156,842	304,795
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	1,203,100	1,112,700	2,315,800
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as percentage of profit	-	-	-
	- others	-	-	-
5.	Others	-	-	-
	Total	8,961,145	9,455,169	18,416,314

**VII. Penalties / Punishment / Compounding of Offences :**

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

**ANNEXURE "B"****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****A. CONSERVATION OF ENERGY****a) Energy conservation measures taken during the FY 2018-2019 :**

1. Installation of 10 MW AC (11 MW DC) Solar power plant at Solapur.
2. Installation of Cupola furnace to reduce HT power at Foundry at Koppal Plant.
3. Upgradation existing power plant TG 1& TG 3 to the rated capacity by replacing the turbine and other auxiliaries at Koppal Plant.
4. Installation of Pre heaters at Stoves and Sinter plant at Koppal Plant.
5. Replacement of old pumps with energy efficient pumps at both Koppal and Solapur Plant.
6. Replacement of old motors with energy efficient motors at both Koppal and Solapur Plant.
7. Purchase of Solar and Wind/ Hydel power through open access at Koppal plant.
8. Power Plants Energy audit carried out as per Perform Achieve Trade (PAT) Cycle 3 at both Koppal and Solapur Plant.
9. Reduction in power import from grid by doing proper redistribution of loads and thereby utilising the TG Power at Koppal plant.
10. Purchase of renewable energy certificates from Indian Energy Exchange at Koppal.
11. Lux sensors introduced for outdoor shed and street lighting at Koppal and Solapur Plant.
12. Installation of capacitor bank 500kVAR for achieving 0.995 power factor at Solapur Plant.
13. Replacement of conventional Lights with LED light fittings at Koppal and Solapur Plant.

**Figures of Power generation :**

Till FY 2017-2018, two turbo generators were in operation. From November 2018, three turbo generators are in operation, on account of higher availability of Blast Furnace gas and efficiency improvement in turbo generators post upgradation. This has resulted in reduction in fuel consumption and increase in power generation from Turbo Generators.

**b) Proposals for the year 2019-2020 :**

1. Installation of Coke oven plant with 20 MW Power plant at Koppal Plant.
2. 30 TON furnace to be replaced with energy efficient 8 ton furnaces at Koppal Plant.
3. Installation of 1 MW Solar power plant at Koppal Plant.

- 4 Replacement of old pumps with energy efficient pumps at plant level at both Koppal and Solapur Plant.
- 5 Replacement of old motors with energy efficient motors at both Koppal and Solapur Plant.
- 6 Installation of Pulvarised Coal Injection and Bell Less Top at Koppal Plant.
- 7 Various Variable Frequency Drives installation as per Energy audit report at both Koppal and Solapur Plant.
- 8 Power procurement through open access at Koppal Plant.
- 9 Purchase of renewable energy certificates from Indian Energy Exchange at Koppal Plant.
- 10 Cupola modification work for production improving at Solapur Plant.
- 11 Procurement and fixing LED lamps wherever required to replace or new requirement at both Koppal and Solapur Plant.

**c) Impact of the above measures:**

1. Increased generation of power.
2. Reduction in energy consumption.
3. Reduction in Coke consumption.
4. Conservation of non-renewable energy resources.
5. Improvement in operational efficiency and widening the scope for energy conservation.

**B. TECHNOLOGY ABSORPTION:**

- 1) Provided Robo for drilling and coating in core shop for increasing the productivity.
- 2) Following are under implementation:
  - I. Coke oven technology: High transmission efficiency with six link arch design for effective waste heat recovery which enables higher power generation.
  - II. Boiler placed in between the coke oven batteries to reduce waste heat temperature loss and resulting in higher power generation.
  - III. State of art Distributed Control System based coke oven and power plant control system.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

(Rupees in Lakhs)

Earnings	291.77
Outgo	49,314.00

**D. RESEARCH AND DEVELOPMENT (R&D) :**

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

1. Specific areas in which R&D carried out by the Company:
  - a) Joint design and development activities of BS 6 compliant engine components along with OEMs.
  - b) Use of Simulation software MAGMA and AD Stefan, CAE/ CAM, Laser scanning and 3D modelling technologies for efficient and effective casting development.
  - c) Use of robotic facilities for improved productivity and quality of castings.
  - d) 3D printing of cores for development of prototype castings without tooling with less development cycle times.

- e) Study of the 3D Printing process of core for mass production.
  - f) Study of Lost Foam Casting for new technology development.
2. Benefits derived as result of the above R&D:
- a) Acquired capability of developing critical castings.
  - b) Reduction of development cycle time.
  - c) Improved quality and consistency.
  - d) Exploring the new technologies for Improving productivity and cost reduction.
3. Future Plan of Action:
- a. New Cylinder block and head casting development for Euro 6 and BS-VI application.
  - b. Prototype casting development through core 3D printing technology.
  - c. Plastic printing technology to do the quick changes in the fixtures and the tools used for development.
  - d. Lost Foam Casting Process study and adaptation.
  - e. Adopting 3D printing core making process for mass production.
  - f. Value engineering solutions to Original Equipment Manufacturers.
  - g. Continuous improvements to make the processes more efficient.
4. Expenditure on R&D:

(₹ in Lakhs)

Particulars	2018-2019	2017-2018
Capital	1,002	78
Recurring	307	244
Total R&D expenditure	1,309	322

## ANNEXURE "C"

### ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

Details of expenditure on CSR activities are as follows:

Average net profit of the Company for the financial years 2015-2016, 2016-2017 and 2017-2018	₹ 873,872,170
Prescribed CSR expenditure (2% of the average net profit computed above)	at least ₹ 17,477,443
Total amount spent on CSR activities for the financial year 2018-2019	₹ 18,358,175
Amount unspent, if any	Nil

Manner in which the amount spent during the financial year 2018-2019 is detailed below:

Sr No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct Expenditure on projects or programs. 2) Overheads (₹ In Lakhs)	Cumulative expenditure up to the reporting period (₹ In Lakhs)	Amount spent (Direct or through implementing agency) (₹ In Lakhs)
1	Rural education, financial assistance to school children, scholarships, infrastructure for schools, providing stationary to the students, conducting vocational education and coaching classes, soft skill and personality development training, financial assistance to school children for cultural activities.	Education	Bangalore (Karnataka), Bevinahalli (Karnataka), Koppal (Karnataka), Lingadahalli (Karnataka), Hospet (Karnataka), Bijapur (Karnataka), Hitnal (Karnataka), Hosahalli (Karnataka), Pune (Maharashtra)	Amount not specified	136.61	136.61	136.61 Partially direct and partially through trust.
2	Environment Awareness programmes, programmes on energy conservation	Environment	Solapur, (Maharashtra), Hospet (Karnataka), Koppal (Karnataka), Kolhapur (Maharashtra).	Amount not specified	7.35	7.35	7.35 Partially through trust and partially through Implementing agency

Sr No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct Expenditure on projects or programs. 2) Overheads (₹ In Lakhs)	Cumulative expenditure up to the reporting period (₹ In Lakhs)	Amount spent (Direct or through implementing agency) (₹ In Lakhs)
3	Clean drinking water to villages, Construction of toilets, Community health, cleanliness drives, hygiene awareness programmes, health checkup camps, counselling etc.	Health	Bevinahalli (Karnataka), Koppal (Karnataka), Hospet (Karnataka), Solapur (Maharashtra), Shahapur Village (Karnataka), Pune (Maharashtra), Guddadahalli (Karnataka)	Amount not specified	23.53	23.53	23.53 Through trust.
4	Construction of drainages, Construction and renovation of toilet blocks, Construction of rural infrastructure, Construction and renovation of temples, mass marriages, assistance to physically challenged.	Rural Development	Bevinahalli (Karnataka), Koppal (Karnataka), Hospet (Karnataka), Lingadahalli (Karnataka), Shahapur Village (Karnataka), Hagari bommanahalli, (Karnataka), Hitnal (Karnataka),	Amount not specified	16.09	16.09	16.09 Through trust.
Total					183.58	183.58	183.58

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

sd/-  
Rahul C. Kirloskar  
Chairman of the CSR Committee  
DIN : 00007319  
Date : 3rd May, 2019

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

## ANNEXURE "D-1"

Sr. No.	Name of the Director	Ratio of remuneration of each director to the median remuneration of the employees of the Company
1	Mr. Atul Chandrakant Kirloskar	1.86
2	Mr. Rahul Chandrakant Kirloskar	1.65
3	Mr. Ravindranath Venkatesh Gumaste (MD)	121.45
4	Mr. Anil Narayan Alawani	6.10
5	Mr. Ashok Ramkrishna Jamenis	3.72
6	Mrs. Nalini Venkatesh	3.20
7	Mr. Sampathkumar Rangachary	1.65
8	Mr. Bindiganavale Sreenivasan Govind	3.82
9	Mr. Yeshwant Shripad Bhave	1.14
10	Mr. Mahesh Ramchandra Chhabria	1.55

## ANNEXURE "D-2"

Sr. No.	Name of the Director/KMP	Designation	% Increase/ (Decrease) in the Remuneration
1	Mr. Atul Chandrakant Kirloskar	Director	12.50
2	Mr. Rahul Chandrakant Kirloskar	Director	23.08
3	Mr. Ravindranath Venkatesh Gumaste	Managing Director and KMP	111.93*
4	Mr. Anil Narayan Alawani	Director	51.28
5	Mr. Ashok Ramkrishna Jamenis	Director	14.65
6	Mrs. Nalini Venkatesh	Director	34.78
7	Mr. Sampathkumar Rangachary	Director	(4.76)
8	Mr. Bindiganavale Sreenivasan Govind	Director	39.10
9	Mr. Yeshwant Shripad Bhave	Director	(15.38)
10	Mr. Mahesh Ramchand Chhabria (Note 1)	Director	Not applicable
11	Mr. Raviprakash Srinivasa Srivatsan	KMP	23.49*
12	Mr. Chandrasekhar Panicker	KMP	28.15*

### Notes:

1. Mr. M. R. Chhabria, who was appointed as an Additional Director w.e.f. 3rd November 2017, was appointed as a Director of the Company by the Members at their Annual General Meeting held on 25th July, 2018.
2. \*Pursuant to KFIL Employee Stock Option 2017, Stock Options were exercised during the financial year and have been considered for calculating the increase in remuneration.



## ANNEXURE "E"

Sl. No.	Name of the Employee	Designation	Remuneration Received In ₹	Nature of employment (Whether Contractual or Otherwise)	Qualification	Experience Years	Date of Commencement of Employment	Age (Years)	Last employment before joining the Company	Percentage of equity shares held	Whether any such employees is a relative of any Director, if so name of such Director
1	Mr. R. V. Gumaste	Managing Director	58,780,132	Regular Employee	B. Tech (Met.)	37	08.11.2001	61	Chief Executive (Works) - Indian Seamless Metal Tubes Limited	0.1907	No
2	Mr. N. B. Ektare	COO	11,475,343	Regular Employee	B.E. (Elec.)	36	12.01.1994	59	Manager - Electrical - Usha Ispat Limited	0.0196	No
3	Mr. Srivatsan R. S.	CFO	9,455,169	Regular Employee	B.Com.CA	35	12.01.1998	56	Sr. Manager - Finance - Vasavadatta Cement, Unit of Kesoram Industries Limited	0.0196	No
4	Mr. Chandrasekhar Panicker	Company Secretary	8,961,145	Regular Employee	B.Com (Hon's), CA and CS	39	14.12.1999	65	Finance Controller - Magnetti Marelli Automotive Components India Limited	0.0207	No
5	Mr. Suresh Laxman Kulkarni	SVP	7,834,779	Regular Employee	DME,DBM	42	28.06.2004	63	Senior Manager - The Indian Seamless Metal Tubes Ltd.,	0.0136	No
6	Mr. Narayana P.	SVP-HR	5,997,436	Regular Employee	B.Com. PG-Dip-HRM, LLB	31	09.06.2016	56	DGM - JSW Steels Limited	0.0123	No
7	Mr. Inturi Chandrasekhar	VP-R&D	5,722,817	Regular Employee	B.E (Mech.) and MBA-Mktg.	31	16.10.2013	55	GM-Design & Development - Neosym Industry Limited	0.0123	No
8	Mr. Ramesh C.	VP-Fdy.	5,636,762	Regular Employee	B.E (Mech.)	25	26.09.1994	48	Not applicable	0.0123	No
9	Mr. Nagaraj M. G.	VP-PIP	5,487,712	Regular Employee	B.E (Metallurgy)	26	01.10.1993	50	Not applicable	0.0116	No
10	Mr. Pradeep Madulkar	AVP-Fdy.	3,549,125	Regular Employee	B.E (Met.)	28	03.05.2007	49	Magna Industries	0.0001	No

## ANNEXURE "F"

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 read with Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIRLOSKAR FERROUS INDUSTRIES LIMITED**, (CIN : L27101PN1991PLC063223) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; [No incidence during the audit period, hence not applicable]
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - [No incidence during the audit period, hence not applicable]
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [No incidence during the audit period, hence not applicable]
  - (f) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - [No incidence during the audit period, hence not applicable]
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; [No incidence during the audit period, hence not applicable]
- (vi) No other law is applicable specifically to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013.
- (ii) The Listing Agreement entered into by the Company with the BSE Limited pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**I further report that,**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except for one meeting of Stakeholders Relationship Committee held at a shorter notice in compliance with provisions of the Companies Act, 2013, rules thereof and the Secretarial Standard) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

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

Date: 3rd May, 2019  
 Place: Pune

## ANNEXURE "G"

### EMPLOYEE STOCK OPTION PLANS (ESOPs)

Disclosures pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, read with SEBI circular dated June 16, 2015 on ESOP disclosures for the financial year ended 31st March, 2019.

- A) All the Relevant disclosures required under 'IND AS 102-Share based payment' are made in the Financial Statements.
- B) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Ind-AS 33 (Earnings per Share): ₹ 7.12 per share.
- C) Details related to KFIL Employee Stock Option Scheme 2017:
- i) The description including terms and conditions of ESOS is summarized as under:

Sr. No.	Particulars	KFIL ESOS 2017
1.	Date of shareholders' approval	3rd August, 2017
2.	Total number of options approved under the Scheme	2,500,000
3.	Vesting requirements	There shall be a minimum period of 1 year between grant of options and vesting of options.  The options would vest over a maximum period of 4 years.  Vesting shall be subject to the condition that the grantee is in employment or service of the Company on the date of Vesting and must neither be serving his notice for termination of employment/ service nor subject to any disciplinary proceedings pending against him on the date of vesting.
4.	Exercise price or pricing formula	40 percent discount to Market Price of the Share as on date of Grant of Options, as decided by the Nomination and Remuneration Committee (NRC), but in no case shall it be less than the face value of the Shares.
5.	Source of shares	Primary
6.	Variation in terms of options	Subject to necessary approvals as may be required, the NRC may at any time amend, alter or vary the terms of the KFIL ESOS 2017 and/ or terms of the options already granted under the KFIL ESOS 2017 subject to the condition that such amendment, alteration or variation as the case may be is not detrimental to the interest of Employees.  During the financial year under review, no amendment/ modification/ variation has been introduced in terms of options granted by the Company.

## ii) Option movement during the year ended 31st March, 2019:

a)	Number of options outstanding at the beginning of year	1,765,000
b)	Number of options granted during the year	120,000
c)	Number of options forfeited / lapsed during the year	38,100
d)	Number of options vested during the year	403,150
e)	Number of options exercised during the year	340,960
f)	Number of shares arising as a result of exercise of options	340,960
g)	Money realized by exercise of options	17,048,000
h)	Loan repaid by the Trust during the year from exercise price received	Nil
i)	Number of options outstanding at the end of the year	1,505,940
j)	Number of options exercisable at the end of the year	62,190

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

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

Sl No	Name of Senior Managerial personnel	Designation	No. of Stock options granted under KFIL ESOS 2017	Exercise Price ₹
1.	Mr. Manjunath Ramachandra Arsikere	Senior General Manager	40,000	51
2.	Mr. Veerappa S Kori	Senior General Manager	40,000	51
3.	Mr. Tailoor Rajesh	Senior General Manager	40,000	51
		Total	120,000	

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

Nil

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

Nil

## iv) Method used to account for ESOS:

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

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

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

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

Weighted average exercise price : ₹ 50.08

Weighted average fair value : ₹ 39.92

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

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

- (a) The model inputs for options granted during the year ended 31st March, 2019 included:

Particulars	30 Oct 2019	30 Oct 2020	30 Oct 2021	30 Oct 2022
Share price	84.60	84.60	84.60	84.60
Exercise Price	51	51	51	51
Expected Volatility (standard deviation)	41.82%	41.29%	42.64%	42.83%
Expected option life (in years)	2.50	3.50	4.50	5.50
Expected Dividend	2.93%	2.93%	2.93%	2.93%
Risk free interest rate	7.62%	7.66%	7.75%	7.83%
Any other inputs to the model	Nil	Nil	Nil	Nil

- (b) The method used and the assumptions made to incorporate the effects of expected early exercise: Not Applicable
- (c) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility:  
The expected price volatility is determined using annualized standard deviation (a measure of volatility used in Black Scholes Merton option pricing) and the historic volatility based on remaining life of the options.
- (d) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.: Nil

## CORPORATE GOVERNANCE REPORT

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

### 1. Company's philosophy on Code of Governance

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

### 2. Board of Directors

#### (a) Composition of the Board

The Board of Directors comprised of ten Directors as on 31st March, 2019. Out of these, there is one Managing Director, four Non Independent Directors and five Independent Directors, which includes one woman Director.

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

#### (b) Number of Board meetings

During the financial year 2018-2019, five meetings of the Board of Directors were held on 3rd May, 2018, 25th July, 2018, 30th October, 2018, 30th January, 2019 and 7th March, 2019.

#### (c) Directors' attendance record

Details on composition and category of Directors, attendance of each Director at the meeting of the Board of Directors, number of other Board of Directors or Committees in which a Director are a member or chairperson and the names of the listed entities in which the Directors hold directorship and category thereof as at 31st March, 2019 are as under –

Category of Directors and Name of Director	Financial Year 2018-2019		Number of Directorships in other public limited companies incorporated in India	Committee positions held in other public limited companies	
	Board Meetings held	Board Meetings attended		Member	Chairman
<b>Promoter Directors (Non Executive)</b>					
Mr. Atul C. Kirloskar Chairman	5	5	4	Nil	Nil
Mr. Rahul C. Kirloskar Vice Chairman	5	5	4	2	Nil
<b>Managing Director (Executive)</b>					
Mr. R. V. Gumaste	5	5	Nil	Nil	Nil
<b>Non Independent Director (Non Executive)</b>					
Mr. A. N. Alawani	5	5	1	1	1
Mr. M. R. Chhabria	5	5	6	2	1
<b>Independent Directors (Non Executive)</b>					
Mr. A. R. Jamenis	5	5	Nil	Nil	Nil
Mr. B. S. Govind	5	5	Nil	Nil	Nil
Mr. R. Sampathkumar	5	5	1	Nil	Nil
Mrs. Nalini Venkatesh	5	5	1	Nil	Nil
Mr. Y. S. Bhave	5	3	2	2	Nil

Nine out of Ten Directors were present at the Annual General Meeting of the members held on 25th July, 2018.

Directors and their Directorships in other listed Companies are as under:

Name of the Director	Name of the listed entities in which Director holds Directorship	Category of Directorship
Mr. Atul C. Kirloskar	1. Kirloskar Oil Engines Limited	Executive Chairman (Promoter Non Independent)
	2. Kirloskar Industries Limited	Non Independent Director
	3. Kirloskar Pneumatic Company Limited	Non Independent Director
Mr. Rahul C. Kirloskar	1. Kirloskar Pneumatic Company Limited	Executive Chairman (Promoter Non Independent)
	2. Kirloskar Oil Engines Limited	Non Independent Director
Mr. R. V. Gumaste	Nil	Not Applicable
Mr. A. N. Alawani	1. Kirloskar Industries Limited	Non Independent Director
Mr. M. R. Chhabria	1. Kirloskar Industries Limited	Managing Director
	2. Kirloskar Oil Engines Limited	Non Independent and Non-Executive Director
	3. Deepak Fertilizers and Petrochemicals Corporation Limited	Independent and Non-Executive Director
	4. Tube Investments of India Limited	Independent and Non-Executive Director
Mr. A. R. Jamenis	Nil	Not Applicable
Mr. B. S. Govind	Nil	Not Applicable
Mr. R. Sampathkumar	Nil	Not Applicable
Mrs. Nalini Venkatesh	1. Kirloskar Pneumatic Company Limited	Independent and Non-Executive Director
Mr. Y. S. Bhave	Nil	Not Applicable

Notes :

1. Directorships held in foreign companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956 / under Section 8 of the Companies Act, 2013 have not been considered.
2. For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders Relationship Committee are considered.
3. None of the Directors on the Board is a Director of more than eight listed companies.

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

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



Statement showing number of equity shares of the Company held by the Directors as on 31st March, 2019:

Name of Director	Equity Shares of ₹ 5 each
Mr. Atul C. Kirloskar	1,427,939
Mr. Rahul C. Kirloskar	1,425,279
Mr. R. V. Gumaste	262,521
Mr. A. N. Alawani	35,000
Mr. A. R. Jamenis	3,400
Mr. B. S. Govind	200
Mr. R. Sampathkumar	Nil
Mrs. Nalini Venkatesh	10,600
Mr. Y. S. Bhave	Nil
Mr. M. R. Chhabria	Nil

#### Meeting of Independent Directors :

The meeting of Independent Directors was held on Wednesday, 30th January, 2019 and Thursday, 7th March, 2019 to discuss, inter-alia:

- (a) the performance and qualifications of Non Independent Director(s) and the Board as a whole;
- (b) the performance of the Chairman of the Company, taking into account the views of Executive Director and Non Executive Directors;
- (c) the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors were present at the meeting held on Wednesday, 30th January, 2019.

All Independent Directors except Mr. Y. S. Bhave were present at the meeting held on Thursday, 7th March, 2019.

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

#### Statement of Declaration by the Independent Directors / Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The Board of Directors have noted and taken on record, the voluntary disclosures made by Mr. Atul Kirloskar and Mr. Rahul Kirloskar of the inadvertent and erroneous mention of their educational qualification on the Company's website and other documents and records. After having considered the nature of the business carried on by the Company and in view of the fact that the Company is professionally managed and operated, the Board of Directors is of the view that the educational qualification of Mr. Atul Kirloskar and

Mr. Rahul Kirloskar would not have any material impact on the business or operations of the Company. The Board of Directors also noted that there is no pre-requisite qualification for being a promoter director.

#### **Familiarization programme for Independent Directors :**

Independent Directors of the Company are made aware of their role, rights and responsibilities at the time of their appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement. 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, 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 Company has conducted various familiarization programmes and presentations for Independent Directors. Details of familiarisation programmes and presentations made are disclosed on the website of the Company, viz. [www.kfil.com](http://www.kfil.com)

#### **Skills matrix for the Directors**

The Board of Directors of the Company comprises members who bring in the required skills and expertise for effective functioning of the Company, the Board and its Committees. The table below summarizes key skills and expertise the Board possesses:

<b>Skill</b>	<b>Skill definitions</b>
Strategy and Strategic planning	Ability to identify and critically assess strategic opportunities and threats to the Company vis-à-vis the Company's objectives and develop strategies for the Company's long term growth and sustainability
Corporate Governance	Ability to maintain management accountability and formulate policies to safeguard interests of the Company and shareholders; understanding of control environments and ability to ensure adherence to highest standards of corporate governance
Business Acumen	Ability to drive success in the market and formulate policies for enhancing market share; ability to understand business environment and economic and regulatory conditions impacting market
Leadership	Understanding of operations and organizational processes; ability to develop talent and ensure succession planning; ability to bring about organizational change and improvement; ability to manage crisis
Industry knowledge	Experience and knowledge with respect to pig iron and foundry industry
Financial Skills	Expertise in financial management, capital allocation, financial reporting requirements; ability to evaluate merger/ acquisition decisions and execute the same effectively, including integration of operations
Technology	Ability to anticipate changes in technology, drive product and process innovation
Legal and Regulatory knowledge	Understanding of regulatory and legal frameworks

### 3. Audit Committee

#### (a) Composition

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

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

The Company Secretary acts as the Secretary of the Committee.

During the financial year 2018-2019, four Audit Committee meetings were held on 2nd May, 2018, 25th July, 2018, 30th October, 2018 and 30th January, 2019.

The details of attendance by Committee Members are as follows –

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

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

Mr. A. R. Jamenis, the Chairman of the Audit Committee was present at the 27th Annual General Meeting of the Company held on 25th July, 2018.

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

The Audit Committee has been vested with the following powers:

- To investigate any activity within its terms of its 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.

#### (b) Terms of Reference

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Examination of the financial statement and the auditor's report thereon.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the Management, the annual financial statements and auditors' report thereon before submission to the Board, for approval, with particular reference to :
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of Sub-Section 3 of Section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.

- c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Modified opinions in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
  - Reviewing with the management, the statement of uses / applications of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
  - Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
  - Approval or any subsequent modification of transactions of the Company with related parties.
  - Scrutiny of inter-corporate loans and investments.
  - Valuation of undertakings or assets of the Company, wherever it is necessary.
  - Evaluation of internal financial controls and risk management systems.
  - Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.
  - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - Discussion with internal auditors of any significant findings and follow up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.
  - To review the functioning of the whistle blower mechanism.
  - Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
  - Reviewing the following information :
    - a. Management discussion and analysis of financial condition and results of operations;
    - b. Statement of significant related party transactions submitted by the management;
    - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - d. Internal audit reports relating to internal control weaknesses and
    - e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.
    - f. Statement of deviations :
      - i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
      - ii. Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7)

- Carrying out any other function as mentioned in terms of reference of the Audit Committee, as amended from time to time by the Companies Act, 2013 and the Listing Regulations.
- reviewing the utilization of loans and / or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
- Reviewing with the compliance of provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems of internal control are adequate and are operating effectively.

#### 4. Nomination and Remuneration Committee

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

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

The Company Secretary acts as the Secretary of the Committee.

During the financial year 2018–2019, two meetings of the Nomination and Remuneration Committee were held on 2nd May, 2018 and 30th October, 2018.

The details of attendance by Committee Members are as follows –

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

The Board of Directors has, on the recommendation of the Nomination and Remuneration Committee, adopted the Nomination and Remuneration Policy for selection and appointment of Directors, Senior Management and recommending their remuneration. The copy of the same is available at the website of the Company viz. [www.kfil.com](http://www.kfil.com)

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

- identify persons, who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down,
- recommend to the Board the appointment and/or removal of Directors and senior management,
- carry out evaluation of every Director's performance,
- formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel, senior management personnel and other employees,
- formulation of criteria for evaluation of performance of independent directors and the board of directors,
- devising a policy on diversity of board of directors,
- 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,
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors,

- (i) Recommend to the Board, all remuneration, in whatever form, payable to senior management,
- (j) perform such functions as may be assigned by the Board of Directors from time to time, and
- (k) perform such functions as required as per the provisions of the Companies Act, 2013, rules thereof and the Listing Regulations.

Criteria for performance evaluation of Directors :

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

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

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

**5. Remuneration of Directors**

**a) Remuneration to Managing Director**

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

The Members at the Twenty Seventh Annual General Meeting held on 25th July, 2018 approved the re-appointment and the terms of remuneration of Mr. R. V. Gumaste as the Managing Director for a period of 5 years with effect from 1st July, 2018. The Company had entered into an agreement dated 3rd May, 2018 with the Managing Director for a period of 5 years. No notice period and severance fees have been prescribed in the agreement.

Details of remuneration, by payment and provision, to Mr. R. V. Gumaste, Managing Director for the financial year 2018–2019 are as follows –

Particulars	Amount (₹)
Salary	9,990,000
Leave Travel Assistance	90,000
Stock Options	4,550,000
Perquisites	704,781
Commission	37,500,000
Contribution to Provident Fund	1,098,000
Contribution to Superannuation Fund	1,372,500
Gratuity	2,295,195
Leave Encashment	1,179,656
<b>Total</b>	<b>58,780,132</b>

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

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

**b) Remuneration to Non Executive Directors**

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

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

Details of commission payable to Non Executive Directors for the financial year 2018–2019 are as follows:

Name of Director	Amount (₹)
Mr. Atul C. Kirloskar	500,000
Mr. Rahul C. Kirloskar	500,000
Mr. A. N. Alawani	2,300,000
Mr. A. R. Jamenis	1,100,000
Mr. B. S. Govind	1,400,000
Mr. R. Sampathkumar	500,000
Mrs. Nalini Venkatesh	1,100,000
Mr. Y. S. Bhave	300,000
Mr. M. R. Chhabria	500,000
<b>Total</b>	<b>8,200,000</b>

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

Payment of sitting fees to Non Executive Directors:

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

Sitting Fees paid to Non Executive Directors during financial year 2018–2019 are as under:

Name of Director	Amount (₹)
Mr. Atul C. Kirloskar	400,000
Mr. Rahul C. Kirloskar	300,000
Mr. A. N. Alawani	650,000
Mr. A. R. Jamenis	700,000
Mr. B. S. Govind	450,000
Mr. R. Sampathkumar	300,000
Mrs. Nalini Venkatesh	450,000
Mr. Y. S. Bhave	250,000
Mr. M. R. Chhabria	250,000
<b>Total</b>	<b>3,750,000</b>

**6. Stakeholders Relationship Committee**

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

Mr. Atul C. Kirloskar acts as the Chairman of the Committee. The terms of reference of the Stakeholders Relationship Committee are as follows:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.,

- b) Review of measures taken for effective exercise of voting rights by shareholders,
- c) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent,
- d) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

During the financial year 2018–2019, two meetings of the Stakeholders Relationship Committee were held on 4th January, 2019 and 30th March, 2019.

The details of attendance by Committee Members are as follows –

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

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

The Compliance Officer can be contacted at –

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

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

One complaint was outstanding as on 31st March, 2018. Twenty two complaints were received during the year ended 31st March, 2019. Twenty one complaints have been redressed and two complaints were pending as on 31st March, 2019.

## 7. General Body Meetings

Details of last three Annual General Meetings held :

Annual General Meeting	Financial Year	Date, Time and Place
25th Annual General Meeting	2015 – 2016	28th July, 2016 12 Noon Pudumjee Hall, Maharashtra Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
No special resolution was passed.		
26th Annual General Meeting	2016 – 2017	3rd August, 2017 12 Noon Pudumjee Hall, Maharashtra Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002



Two special resolutions were passed :		
1. Approval to the payment of commission to Non Executive Directors not exceeding one percent of Net Profits for each financial year commencing from the financial year 2017–2018.		
2. Approval to the introduction and implementation of KFIL Employee Stock Options Scheme 2017 ('KFIL ESOS, 2017') and to grant 2,500,000 stock options to specified senior Management employees and Directors (other than Promoter Directors, Independent Directors and Directors holding directly or indirectly more than 10 percent of the outstanding equity shares of the Company).		
27th Annual General Meeting	2017 – 2018	25th July, 2018 12 Noon Pudumjee Hall, Maharashtra Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
One special resolution was passed :		
Appointment of Mr. A. R. Jamenis as an Independent Director of the Company to hold office for a second term of two consecutive years upto 12th August, 2020.		

No resolution was passed through postal ballot during the financial year 2018–2019.

## 8. Means of Communication

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

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

The financial results and official news releases of the Company are also displayed on the website of the Company, viz, [www.kfil.com](http://www.kfil.com)

## 9. General Shareholders' Information

Day, Date and Time	Tuesday, 23rd July, 2019 at 10.30 a.m.
Venue	S. M. Joshi Socialist Foundation, (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411030
Financial Year	1st April, 2018 to 31st March, 2019 During the year under review, the results were announced as under – First Quarter 25th July, 2018 Second Quarter 30th October, 2018 Third Quarter 30th January, 2019 Annual 3rd May, 2019
Dates of Book Closure	15th July, 2019 to 23rd July, 2019 (Both days inclusive)
Dividend payment date	On or before 30th July, 2019
Listing on stock exchange	BSE Limited, P. J. Towers, Dalal Street, Fort, Mumbai 400001
Stock Code	500245
ISIN	INE884B01025

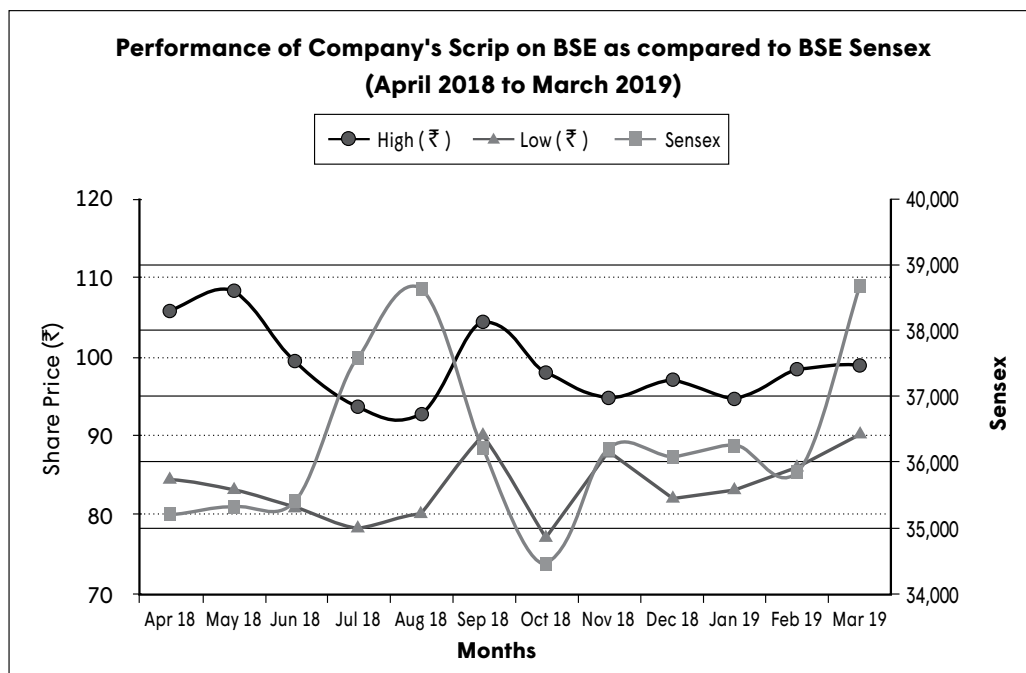
The annual listing fees for the financial year 2018–2019 have been paid to the BSE Limited and there is no amount outstanding as on date.

**Market Price Data**

Monthly high / low prices of equity share on the BSE Limited during the financial year 2018–2019 are as follows:

Year	Month	High (₹)	Low (₹)
2018	April	105.80	84.50
	May	108.35	83.25
	June	99.40	81.10
	July	93.60	78.20
	August	92.75	80.10
	September	104.40	90.20
	October	98.00	77.40
	November	94.80	88.00
	December	97.00	82.00
2019	January	94.70	83.15
	February	98.30	85.90
	March	99.00	90.50

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



**Registrar and Share Transfer Agent -**

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

The Registrar and Share Transfer Agent can be contacted at –

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

### Share Transfer System

Pursuant to the Notification No. LIST/COMP/15/2018-19 dated 5th July, 2018 issued by the Securities and Exchange Board of India, transfer of securities held in physical format will not be permitted after 31st March, 2019. However, there is no restriction on transmission / transposition of securities held in physical form.

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

### Distribution of Shareholding as on 31st March, 2019

Nominal Value of Shares (₹)		Shareholders		Shares	
From	To	Number	Percentage to Total	Number	Percentage to Total
1	5,000	49,621	93.70	9,735,203	7.08
5,001	10,000	1,408	2.66	2,215,868	1.61
10,001	20,000	848	1.60	2,452,423	1.78
20,001	30,000	413	0.78	2,095,782	1.52
30,001	40,000	136	0.26	962,775	0.70
40,001	50,000	141	0.27	1,348,631	0.98
50,001	100,000	197	0.37	2,896,431	2.10
100,001 and above		193	0.36	115,941,928	84.23
Total		52,957	100.00	137,649,041	100.00

### Shareholding Pattern as on 31st March, 2019

Category	Number of Shares	Percentage of Shareholding
Promoters and Promoters Group	81,783,822	59.41
Domestic Companies	2,976,814	2.16
Mutual Funds	17,104,409	12.43
Alternate Investment Funds	10,982	0.01
Foreign Institutional Investors	28,500	0.02
Foreign Portfolio Investors	34,044	0.02
Financial Institutions / Banks	500	0.00
NBFCs registered with RBI	25,690	0.02
Non Resident Indians	1,722,900	1.25
Directors and their relatives	360,488	0.26
Employees	226,360	0.16
Hindu Undivided Families	1,855,223	1.35
Clearing Members	112,767	0.08
Trusts	1,175	0.00
Investor Education and Protection Fund (IEPF)	1,484,850	1.08
General Public	29,920,517	21.74
Total	137,649,041	100.00

### Equity Shares in electronic form

As on 31st March, 2019, 97.37 percent of paid-up equity share capital of the Company was held in electronic form.

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

There are no convertible instruments outstanding as on 31st March, 2019 for conversion into equity shares.

## Commodity price risk or foreign exchange risk and hedging activities

### Commodity Price Risk

Commodity price risk is a financial risk on the Company's financial performance, which is affected by the fluctuating prices on account of global and regional supply / demand. Fluctuations in the prices of commodities mainly depend on market conditions.

The Company has a risk management framework for identifying, monitoring and mitigating such risks, which has been evolved over the period.

On output side - Market forces generally significantly influence the prices of pig iron sold by the Company. These prices are generally influenced by factors such as competition, supply and demand, production costs (including the costs of raw material inputs) and availability of alternate materials such as steel scrap etc. Changes in any of these factors may have impact on the revenue of the Company. To make the prices of pig iron more competitive, preferences are given to the zones which provides higher contribution and thus the Company endeavours to manage the price risk.

Castings are made to order and the prices are determined based on the specifications provided by the customers. The price fluctuations in the input materials are adjusted based on the input price movement with respect to the base price of the castings.

On Input side – The procurement prices of metallurgical coke, coking coal and iron ore, which are the major input materials for production of pig iron are also subject to market fluctuations. The Company procures these materials in open market at prevailing prices. However, the Company has elaborate system and monitoring mechanism to mitigate the input price risk with the help of inventory control, materials planning and has also adopted operational measures to mitigate price risks.

For further details, please refer to Note No. 38(c) forming part of the financial statements.

### Foreign exchange risk and hedging activities

During the financial year 2018-2019, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. The details of foreign currency exposure are disclosed in Note No. 38(b) forming part of the Financial Statements.

### Total fees for all services paid to the statutory auditor

During the financial year 2018-2019, the Company has paid the statutory fees, certification fees and other services to the statutory auditors. The details of fees paid are disclosed in Note No. 35(iii) forming part of the Financial Statements.

### Recommendations given by the Committees of the Board

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

### Plant Locations

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

### Address for correspondence

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

### List of Credit Ratings obtained

The Company has obtained ICRA A1+ (pronounced as ICRA A one plus) in respect of ₹ 100 crore Commercial Paper.

## 10. Other Disclosures

### a) Related Party Transactions

During the financial year 2018–2019, there were no materially significant transactions with the related parties. The Board of Directors has adopted the policy on related party transactions. The copy of the same has been uploaded and is available at the website of the Company, viz. [www.kfil.com](http://www.kfil.com)

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

₹ in lakhs

Name of the promoter / promoter group(s)	Nature of relationship	Nature of transactions	2018-2019		2017-2018	
			Transaction value	Outstanding amount carried in balance sheet	Transaction value	Outstanding amount carried in balance sheet
Kirloskar Industries Limited	Promoter Group	Dividend	1,589	-	1,236	-
		Building rent paid	6	-	6	-
		Rent deposit receivable	-	3	-	2

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

### d) Vigil Mechanism / Whistle Blower Policy

The Board of Directors has adopted the Vigil Mechanism / Whistle Blower Policy. The policy has provided a mechanism for Directors, Employees and other persons dealing with the Company to report to the Chairman of the Audit Committee, any instance of unethical behaviour, actual or suspected fraud or violation of the Code of Conduct for Board of Directors and Senior Management (the Code) or leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations, or any other instance.

The details of the policy has been uploaded at the website of the Company, viz. [www.kfil.com](http://www.kfil.com)

### e) Disclosures of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A)

The Company has not raised funds through preferential allotment or qualified institutions under Regulation 32(7A) during the year under review.

### f) Disclosures in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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

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

h) **Details of the Cost Auditor**

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

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

The Cost Audit Report for the financial year ended 31st March, 2018 has been filed with the Central Government on 14th August, 2018.

- i) The Management Discussion and Analysis Report forms part of the Annual Report and is in accordance with the requirements laid out in Schedule V of the Listing Regulations.
- j) The Company has complied with all the mandatory requirements specified in Listing Regulations 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of the Listing Regulations.
- k) The status of adoption of non-mandatory requirements as specified in sub-regulation 1 of Regulation 27 of the Listing Regulations are as follows:
- i. The Board :  
Mr. Atul C. Kirloskar is Non Executive Chairman. The Company does not bear the expenses for maintaining the office of the Chairman.
  - ii. Shareholder Rights:  
As the quarterly and half yearly financial results are published in the newspapers and are also posted on the website of the Company, viz. [www.kfil.com](http://www.kfil.com) the same are not being sent to the shareholders.
  - iii. Modified opinion(s) in audit report:  
The Financial Statements of the Company for the financial year ended 31st March, 2019 does not contain any modified audit opinion.
  - iv. Separate posts of Chairperson and CEO:  
The Chairman of the Board is a Non Executive Director and his position is separate from that of the Managing Director.
  - v. Reporting of Internal Auditor:  
The Internal Auditors report to the Audit Committee and have direct access to the Audit Committee.

**CEO / CFO Certification**

A certificate signed by the Managing Director and the Chief Financial Officer confirming compliance of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the meeting of the Board of Directors held on 3rd May, 2019.

**Certificate from Practicing Company Secretary**

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

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

Pursuant to Section 124 of the Companies Act, 2013 and rules thereof, any money transferred to the Unpaid Dividend Account of a company, which remains unpaid or unclaimed for a period of

seven years, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF).

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

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

Due dates for transfer of unclaimed dividend to the IEPF:

Financial Year	Date of Declaration	Date of Payment	Dividend percent	Date on which dividend will become part of IEPF
2011-2012	24th July, 2012	16th August, 2012	20	27th August, 2019
2012-2013	26th July, 2013	19th August, 2013	25	29th August, 2020
2013-2014	13th August, 2014	2nd September, 2014	25	12th September, 2021
2014-2015	30th July, 2015	21st August, 2015	25	31st August, 2022
2015-2016	10th March, 2016	29th March, 2016	25	9th April, 2023
2016-2017	3rd August, 2017	22nd August, 2017	35	8th September, 2024
2017-2018	25th July, 2018	27th July 2018	25	29th August, 2025
2018-2019	30th January 2019	27th February 2019	20	4th March, 2026

Pursuant to provisions of Rule 5 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the details of unclaimed dividend amounts as on the date of Annual General Meeting (i.e. 25th July, 2018) have been filed in Form No. IEPF-2 with the Ministry of Corporate Affairs and have been uploaded at the website of the Company, viz. [www.kfil.com](http://www.kfil.com)

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

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

Accordingly, the Company has transferred 167,463 number of equity shares of ₹ 5 each in October 2018 to the Investor Education and Protection Fund (IEPF) by way of corporate action.

#### **Procedure for dealing with unclaimed shares**

Pursuant to Regulation 39(4) of the Listing Regulations, the Company had sent reminder letters to those shareholders, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. These share certificates will be sent to eligible shareholders, if these shareholders submit necessary documents to the Company.

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

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

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

**Payment of Dividend by electronic means**

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

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

**Income Tax PAN mandatory for Transfer of securities**

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

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

---

**DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

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

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

For Kirloskar Ferrous Industries Limited

Ravindranath V. Gumaste  
Managing Director  
DIN : 00082829

Pune : 3rd May, 2019



**INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

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

1. We have examined the compliance of conditions of corporate governance by **Kirloskar Ferrous Industries Limited** ('the Company') for the year ended 31st March, 2019 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.
3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. Based on our examination of the relevant records and according to the best of information and explanations provided to us, we certify that the Company has complied with the conditions of regulations of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
8. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
9. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

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

Pune : 3rd May, 2019

Suhas Deshpande  
Partner  
Membership No.031787  
UDIN No. : 19031787AAAAAF7824

## INDEPENDENT AUDITORS' REPORT

To The Members of  
Kirloskar Ferrous Industries Limited

### Report on the Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p><b>Accuracy of Cost of Goods Sold (COGS)</b></p> <p>We identified Cost of Goods Sold area as a key audit matter for the Company because it is the most significant cost of the Company, which comprise cost of materials and other direct costs of production and the same has significant impact on the profitability of the Company.</p>	<p>We assessed the Company's process to verify the Cost of Goods Sold incurred during the year.</p> <p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>Overall evaluation and testing of controls related to corresponding business processes, viz. 'Procurement to Payment (P2P), Production Process, Material Requirement Planning (MRP), Inventory policy and stores procedures.</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
		<ul style="list-style-type: none"> <li>• Review of overall operations and production / conversion process of materials into finished products.</li> <li>• Review of Internal Audit reports and internal management reports relating to COGS.</li> <li>• Physical verification of inventory items on random sampling basis with reference to book inventory for accuracy and controls including review of internal period-end inventory procedures and reconciliations.</li> <li>• Reviewing completeness and overall accuracy of system generated material consumption and reconciling with General Ledger, including manual accounting entries relating to material consumption.</li> <li>• Review of inventory valuation, material consumption in accordance with applicable Indian Accounting Standards.</li> </ul>
2.	<p><b>Accuracy and Completeness of Capital Expenditure</b></p> <p>Capital Expenditure (CAPEX) has been considered as a key audit matter in view of the complexity and peculiarity of nature of business and being one of the important elements of costs.</p>	<p>We assessed the Company's process to verify the Capital Expenditure incurred during the year.</p> <p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Review of CAPEX business process, flow of documents/ information and their controls effectiveness.</li> <li>• Substantive Tests on random sampling for all the major additions, deletions to the assets by applying all the characteristics of capital expenditure, proper classification of the same, with reference to the company's policy and accounting standards.</li> <li>• Scrutiny of relevant general ledger accounts to assess if the expenditure has been correctly accounted for.</li> <li>• Physical verification of test basis, review of physical verification carried out by the Management with respect to book records, review of Internal Audit reports findings relating to CAPEX, if any and implementation of the suggestions of the same.</li> <li>• Review of compliance done with respect to Companies Act, Income Tax Act, Customs duty and GST Act, particularly for accounting of capex additions, deletions, depreciation and of carrying amounts thereof.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS 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 31st March, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2019 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Suhas Deshpande  
Partner  
Membership No.: 031787

Pune : 3rd May, 2019

---

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **KIRLOSKAR FERROUS INDUSTRIES LIMITED** of even date)

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

We have audited the Internal Financial Controls over financial reporting of **KIRLOSKAR FERROUS INDUSTRIES LIMITED** (“the Company”) as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate Internal Financial Controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Internal Financial Controls system over financial reporting of the Company.

### **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.

### Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at 31st March, 2019, 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.

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

Suhas Deshpande  
Partner  
Membership No. 031787

Pune, 3rd May, 2019

---

### Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **KIRLOSKAR FERROUS INDUSTRIES LIMITED** of even date)

- i. In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. As informed to us, the physical verification of inventory has been conducted by the Management at reasonable intervals and the discrepancies noticed during such physical verification were not material. Stocks lying with third parties at the year-end have been confirmed.  
The discrepancies noticed on physical verification of Inventory as compared to the book records have been properly dealt with the Books of Account.
- iii. The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given loans, made investments or given guarantees which are covered by the provisions of Section 185 and 186 of the Act.



- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at 31st March, 2019 and therefore, the provisions of the Clause 3 (v) of the Order are not applicable to the Company.
- vi. The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act and we are of the opinion that prima facie such accounts and records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at 31st March, 2019 on account of dispute are given below:

<b>Name of the statute</b>	<b>Nature of the dues</b>	<b>Amount under dispute (Rs.)</b>	<b>Period(s) to which the amount relate</b>	<b>Forum where such dispute is pending</b>
Central Excise Act, 1944	Interest on refund	341,496	FY 2003-04	Assistant Commissioner of Central Excise, Bellary
Central Excise Act, 1944	Cenvat Credit issues	1,428,937	FY 2006-07 to FY 2015-16	Assistant Commissioner of Central Excise, Bellary
Central Excise Act, 1944	Cenvat Credit availed on Steel	94,084	FY 2010-11	Assistant Commissioner of Central Excise, Bellary
Central Excise Act, 1944	Iron Ore supplied by Export Oriented Unit Supplier	7,116,956	FY 2013-14 and FY 2014-15	Additional Commissioner of Central Excise, Belgaum,
Finance Act, 1994	Cenvat Credit utilised for Service Tax payment	7,585,734	FY 2006-07	Commissioner of Central Excise, Belgaum
Finance Act, 1994	Cenvat Credit issues	772,188	FY 2009-10 to FY 2011-12	Assistant Commissioner of Central Excise, Bellary
Finance Act, 1994	Cenvat Credit issues	2,716,155	FY 2011-12 and FY 2015-16	Assistant Commissioner of Central Excise, Bellary

<b>Name of the statute</b>	<b>Nature of the dues</b>	<b>Amount under dispute (Rs.)</b>	<b>Period(s) to which the amount relate</b>	<b>Forum where such dispute is pending</b>
Finance Act, 1994	Service Tax demand on Interest on Letter of Credit	11,496,454	FY 2008-09 to FY 2011-12	CESTAT, Bangalore
Finance Act, 1994	Service Tax demand on Interest on Letter of Credit	1,722,088	FY 2016-17 to FY 2017-18	CESTAT, Bangalore
Finance Act, 1994	Refund Claim filed in respect of Service Tax and KKC Cenvat Credit pertaining to Railway Siding Project	4,115,498	FY 2016-17 and FY 2017-18	Commissioner of Central Tax (Appeals), Belgaum
Finance Act, 1994	Service Tax Cenvat Credit availed on Input Services	5,340,086	FY 2011-12 to FY 2014-15	CESTAT, Bangalore
Income Tax Act, 1961	Minimum Alternate Tax (1)	115,460,131	FY 2004-05 to FY 2006-07	Hon'ble High Court Mumbai
Income Tax Act, 1961	Depreciation allowance - TG-3 Assessment Demand (2)	93,713,150	FY 2010-11 and FY 2011-12	Income Tax Appellate Tribunal, Pune
Income Tax Act, 1961	Income Tax Demand raised	76,318	FY 2013-14	Deputy Commissioner, Circle 14, Pune
Karnataka VAT Act, 2003	Disallowed Input Tax Credit	8,276,255	FY 2007-08	Hon'ble High Court of Karnataka, Dharwad Bench,
Karnataka VAT Act, 2003	Rejected Input Tax Credit (3)	3,779,903	FY 2008-09	Assistant Commissioner of Commercial Tax, Davanagere
Provident Fund and Miscellaneous Provisions Act, 1952	Interest and damages for belated remittance	6,719,589	FY 2001-02 to FY 2004-05	EPF Appellate Tribunal, New Delhi
Provident Fund and Miscellaneous Provisions Act, 1952	Demand for differential PF dues	11,813,110	FY 2011-12 to FY 2015-16	EPFO, Bellary

- (1) Out of the total amount under dispute Rs. 15,618,182 is paid under protest.
  - (2) Total amount under dispute is paid under protest.
  - (3) Total amount under dispute is paid under protest.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
  - ix. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company had not raised money by way of further public offer during the year.
  - x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
  - xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
  - xii. The Company is not a Nidhi Company and hence reporting under Clause 3 (xii) of the Order is not applicable to the Company.
  - xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
  - xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under Clause 3 (xiv) of the Order is not applicable to the Company.
  - xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
  - xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Suhas Deshpande  
Partner  
Membership No. 031787

Pune, 3rd May, 2019

## BALANCE SHEET AS AT 31ST MARCH, 2019

(₹ in Lakhs)

Particulars	Note No.	31st March, 2019	31st March, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	60,427	55,680
Capital work in progress	5	6,215	7,332
Intangible assets under development	6	334	397
Financial assets			
(i) Investments	7	1	1
(ii) Loans	8	868	889
(iii) Other financial assets	9	8	5
Other non current assets	10	5,033	691
<b>Total non-current assets</b>		<b>72,886</b>	<b>64,995</b>
<b>Current assets</b>			
Inventories	11	24,627	21,719
Financial assets			
(i) Trade receivables	12	38,022	29,197
(ii) Cash and cash equivalent	13	102	206
(iii) Bank balance other than (ii) above	13	353	313
(iv) Loans	14	86	107
(v) Other financial assets	15	76	127
Current tax asset (net)	16	1,341	1,012
Other current assets	17	1,502	2,249
<b>Total current assets</b>		<b>66,109</b>	<b>54,930</b>
<b>Total Assets</b>		<b>138,995</b>	<b>119,925</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	6,882	6,865
Other equity	19	58,929	52,383
<b>Total equity</b>		<b>65,811</b>	<b>59,248</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	20	4,100	-
Provisions	21	246	166
Deferred tax liabilities (Net)	22	9,405	8,263
<b>Total non-current liabilities</b>		<b>13,751</b>	<b>8,429</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	23	7,388	7,239
(ii) Trade payable	24		
- Total outstanding dues of micro enterprises and small enterprises		1,234	688
- Total outstanding dues of creditors other than micro enterprises and small enterprises		42,289	35,088
(iii) Other current financial liabilities	25	6,043	6,651
Other current liabilities	26	1,865	1,930
Provisions	27	614	652
<b>Total current liabilities</b>		<b>59,433</b>	<b>52,248</b>
<b>Total liabilities</b>		<b>73,184</b>	<b>60,677</b>
<b>Total equity and liabilities</b>		<b>138,995</b>	<b>119,925</b>

As per our report of even date attached

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

Suhas Deshpande  
Partner  
Membership No. 031787  
Pune, 3rd May, 2019

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR  
Chairman  
DIN 00007387

C.S.PANICKER  
Company Secretary

R.V.GUMASTE  
Managing Director  
DIN 00082829

R.S.SRIVATSAN  
Chief Financial Officer

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

(₹ in Lakhs)

Particulars	Note No.	For the Year ended	
		31st March, 2019	31st March, 2018
<b>INCOME</b>			
Revenue from operations	28	215,915	176,519
Other Income	29	553	516
<b>Total Income</b>		<b>216,468</b>	177,035
<b>EXPENSES</b>			
Cost of materials consumed	30	134,478	108,870
Purchases of stock-in-trade		1,397	5,986
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	(859)	26
Employee benefits expense	32	9,374	8,066
Finance costs	33	1,647	1,097
Depreciation and amortization expense	34	5,420	4,953
Other expenses	35	50,340	42,595
<b>Total expenses</b>		<b>201,797</b>	171,593
<b>Profit before tax</b>		<b>14,671</b>	5,442
<b>Tax expenses</b>			
(1) Current tax		3,767	1,440
(2) Short/ (excess) for the earlier years		(35)	(46)
(3) Deferred tax		1,128	248
<b>Profit for the year</b>		<b>9,811</b>	3,800
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or (loss)			
Remeasurements of post-employment benefit obligations		41	(93)
Income Tax relating to above		(14)	32
<b>Other Comprehensive Income for the year, net of tax</b>		<b>27</b>	(61)
<b>Total Comprehensive Income for the year (Comprising profit and Other Comprehensive Income for the year)</b>		<b>9,838</b>	3,739
Earnings per equity share (for continuing operations)	36		
Basic (₹)		7.14	2.77
Diluted (₹)		7.12	2.76

As per our report of even date attached

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR  
Chairman  
DIN 00007387

R.V.GUMASTE  
Managing Director  
DIN 00082829

Suhas Deshpande  
Partner  
Membership No. 031787

C.S.PANICKER  
Company Secretary

R.S.SRIVATSAN  
Chief Financial Officer

Pune, 3rd May, 2019

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in Lakhs)

Particulars	For the Year ended 31st March, 2019		For the year ended 31st March, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
Net Profit before tax		14,671	5,442
Add :			
Depreciation	5,420		4,953
(Profit) / Loss on sale of assets	210		141
Provision for doubtful debts	9		(89)
Bad debts written off	0		96
Unrealised Foreign exchange (Gain)/Loss	(496)		320
Employee share-based payment expense	284		144
Remeasurements of post-employment benefit obligations	41		(93)
Fair value changes in derivative financial instrument	0		(46)
Finance Costs	1,647		1,097
		7,115	6,523
Less :		21,786	11,965
Interest Income	(97)		(148)
Dividend Income	0		0
Provision no longer required written back	(80)		(94)
Sundry Credit balances appropriated	(81)		(100)
		(258)	(342)
Operating profit before working capital changes		21,528	11,623
Movements in working capital:			
Decrease / (Increase) in inventories	(2,907)		(9,533)
Decrease / (Increase) in trade receivables	(8,834)		(8,000)
Decrease / (Increase) in non-current loans	21		65
Decrease / (Increase) in other non-current assets	(60)		68
Decrease / (Increase) in current loans	21		(33)
Decrease / (Increase) in other current assets	747		266
Increase / (Decrease) in other financial assets	46		0
Increase / (Decrease) in non-current provisions	80		31
Increase / (Decrease) in trade payables	8,325		19,206
Increase / (Decrease) in other current financial liabilities	970		(354)
Increase / (Decrease) in other current liabilities	(65)		949
Increase / (Decrease) in current provisions	(38)		63
		(1,694)	2,728
Cash generated from Operations		19,834	14,351
Taxes paid		(4,061)	(1,489)
<b>Net cash from Operating Activities ( A )</b>		15,773	12,862
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Purchase of property, plant and equipment including CWIP and Capital Advances	(16,235)		(5,904)
Proceeds from sale of property, plant and equipment	13		70
Investment in Other Financial Assets	(2)		0
Interest Received	103		90
Dividend Received	0		0
<b>Net Cash used in Investing Activities ( B )</b>		(16,121)	(5,744)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>			
Interest paid	(1,596)		(1,076)
Other Borrowing Costs	(50)		(21)
Proceeds from long term borrowings (net)	5,300		0
Proceeds / (Repayment) from short term borrowings	149		(3,875)
Increase / (Decrease) on issue of equity shares	170		0
Dividend Paid	(3,093)		(2,403)
Tax on Dividend Paid	(636)		(489)
<b>Net Cash from Financing Activities ( C )</b>		244	(7,864)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents ( A + B + C )</b>		(104)	(746)
<b>Cash and Cash Equivalents at the beginning of the year (Refer Note 13A)</b>	206		952
<b>Cash and Cash Equivalents at the end of the year (Refer Note 13A)</b>	102		206

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR  
Chairman  
DIN 00007387

R.V.GUMASTE  
Managing Director  
DIN 00082829

Suhas Deshpande  
Partner  
Membership No. 031787  
Pune, 3rd May, 2019

C.S.PANICKER  
Company Secretary

R.S.SRIVATSAN  
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019****A. Equity Share Capital**

(₹ in Lakhs)

Opening Balance as on 1st April, 2017	Changes in equity share capital during the year	Closing Balance as on 31st March, 2018
6,865	-	6,865
Opening Balance as on 1st April, 2018	Changes in equity share capital during the year	Closing Balance as on 31st March, 2019
6,865	17	<b>6,882</b>

**B. Other Equity**

(₹ in Lakhs)

Particulars	Reserves and surplus			Share options outstanding account	Total
	Securities premium	General reserve	Surplus of profit or loss		
<b>Balance as on 31st March, 2017</b>	19,384	4,500	27,508	-	51,392
<b>Total Comprehensive Income</b>					
Profit for the year	-	-	3,800	-	3,800
Other Comprehensive Income	-	-	(61)	-	(61)
Transfer to General Reserve	-	500	(500)	-	-
Employee stock option expense	-	-	-	144	144
<b>Distribution to shareholders</b>					
Final Dividend	-	-	(2,403)	-	(2,403)
Dividend distribution tax on Final Dividend	-	-	(489)	-	(489)
<b>Balance as on 31st March, 2018</b>	19,384	5,000	27,855	144	52,383
<b>Total Comprehensive Income</b>					
Profit for the year	-	-	9,811	-	9,811
Other Comprehensive Income	-	-	27	-	27
Transfer to General Reserve	-	500	(500)	-	-
Employee stock option expense	-	-	-	284	284
Share application money received	-	-	-	-	-
Transfer from Share option account to Securities premium	127	-	-	(127)	-
Issue of equity shares on account of exercise of employee stock options	154	-	-	-	154
<b>Distribution to shareholders</b>					
Final Dividend	-	-	(1,717)	-	(1,717)
Dividend distribution tax on Final Dividend	-	-	(353)	-	(353)
Interim Dividend	-	-	(1,377)	-	(1,377)
Dividend distribution tax on Interim Dividend	-	-	(283)	-	(283)
<b>Balance as on 31st March, 2019</b>	<b>19,665</b>	<b>5,500</b>	<b>33,463</b>	<b>301</b>	<b>58,929</b>

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR  
Chairman  
DIN 00007387

R.V.GUMASTE  
Managing Director  
DIN 00082829

Suhas Deshpande  
Partner  
Membership No. 031787

C.S.PANICKER  
Company Secretary

R.S.SRIVATSAN  
Chief Financial Officer

Pune, 3rd May, 2019

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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

### 1) THE CORPORATE OVERVIEW

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

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

### 2) BASIS OF PREPARATION

#### a) Statement of Compliance

The financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards), Rules, 2015 as amended from time to time and other relevant provisions of the Act.

In accordance with the Notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1st April, 2017. The transition from Previous GAAP to Ind AS has been accounted for in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards", with 1st April, 2016 being the transition date. The financial statements have been approved by the Board of Directors on 3rd May, 2019.

#### b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on each reporting date on the basis as explained below:

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

#### c) Current versus non-current classification

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

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is expected to be realised within twelve months from the reporting date, or
- It is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months from the reporting date, or



- There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting date.

The Company classifies all other liabilities as non-current.

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

**d) Functional and presentation currency**

Company has identified Indian Rupee (₹) as its functional currency. All amounts presented in the Financial Statements including notes have been rounded off to the nearest lakhs in Indian Rupee as per the requirements of Schedule III of the Companies Act, 2013; unless otherwise indicated.

**3) SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Property, plant and equipment**

• **Recognition and measurement**

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

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

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

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

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

• **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit and Loss as incurred.

• **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net and disclosed within other income or expenses in the Statement of Profit and Loss.

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

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised in the Statement of Profit and Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as

prescribed in Schedule II of the Companies Act 2013, as assessed by the management of the Company based on technical evaluation except in the case of following assets:

Description	Useful life considered	Justification for deviation
Plant and equipments:		
a) Sinter plant	20 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	
c) Foundry machineries	20 years	
d) Turbo generator	20 years	
e) Plant and equipments under lease	5 Years	
f) Machinery spares	2 to 10 years	
g) Patterns	8 Years	
Office equipments		
Equipment installed at employee's residence	3 Years	As per the terms of Company's policy
Vehicles		
Vehicles given to employees	5 years	As per the terms of Company's policy

Freehold land is not depreciated.

## b) Intangible assets

- **Recognition and measurement**

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

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

- **Derecognition**

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

- **Amortisation**

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

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

Computer software	6 years
-------------------	---------

## c) Leases

- **Company as a lessee**

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

- **Company as lessor**

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in property, plant and equipment. Lease income on an operating lease is recognised in the Statement of Profit and Loss on straight line basis.

**d) Impairment of non-financial assets**

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

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

- **Reversal of impairment loss**

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**e) Inventories**

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

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

By-products are valued at net realisable value.

Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the management and the value of inventory is net of such provision.

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

**f) Cash and cash equivalents**

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

**g) Revenue recognition**

The Company is in the business of manufacture and sale of iron castings. Sales are recognised when substantial control of the products has been transferred to the customer, being when the products are delivered to the customer or its authorised representative without any unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the sales order, net of the estimated discounts, rebates, returns and Goods and Service Tax. The Company's obligation to provide a refund for defects in the products is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not have any payment terms exceeding one year for any contract. Accordingly, the Company does not adjust any of the transaction prices for the time value of money.

**h) Other income**

• **Interest income**

Interest income from debt instruments is recognised using Effective Interest Rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

• **Dividends**

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

• Any other incomes are accounted for on accrual basis.

**i) Borrowing costs**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are expensed in the period in which they are incurred.

**j) Foreign currency transactions and balances**

Transactions in foreign currency are recorded at exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

**k) Employee Benefits**

• **Short-term employee benefits**

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

• **Post-employment benefits**

**Defined contribution plans**

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

**Defined benefit plans**

The employees' gratuity fund scheme is managed by a trust, is the Company's defined benefit plan. The present value of the obligation under such defined benefit

plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

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

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

- **Other long-term employee benefits**

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

## I) **Share-based payments**

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

- **Equity-settled transactions**

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

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

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

**m) Research and development cost**

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

**n) Income tax**

Income tax expense comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to the items recognised directly in OCI.

• **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable profits computed for the current accounting period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

• **Deferred tax**

Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

**o) Provisions and contingencies**

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

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

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

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

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

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

**p) Fair value measurement**

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

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

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

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

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

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

**q) Financial instruments**

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

- **Initial recognition and measurement**

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

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

- **Subsequent measurement of financial assets**

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

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

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

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

Debt instruments at amortised cost

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

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

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

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

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

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

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

**Equity investments**

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

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no



recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of equity instrument.

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

- **Subsequent measurement of financial liabilities**

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

- those to be measured subsequently at Fair Value Through Profit or Loss (FVTPL)
- those measured at amortised cost

Following financial liabilities will be classified under FVTPL:

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

All other financial liabilities are classified at amortised cost.

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

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

- **Derecognition of financial instruments**

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

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

- **Impairment of financial assets**

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

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

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

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

- **Derivative financial instruments**

- Initial measurement and subsequent measurement**

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

- r) **Dividends**

- The final dividend on shares is recorded as liability on the date of approval of shareholders, and the interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

- s) **Earnings Per Share (EPS)**

- Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

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

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

- t) **Operating segment**

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

- Identification of Segments**

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

- u) **Government Grant**

- Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

- Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

#### 4) **SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

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

##### **Judgments**

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

- a) **Operating Segment**

- Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting

reviewed by the Managing Director being the Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to recognition of segments. Accordingly, the Company recognizes Iron Castings as its sole Segment.

**b) Contingent liability**

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

**Estimates and assumptions**

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

**a) Defined benefit obligation**

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligations and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

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

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

**b) Deferred Tax**

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

**c) Useful lives of Property, plant and equipment**

Useful lives of property, plant and equipment are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. The depreciable lives are reviewed annually using the best information available to the Management.

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

5. PROPERTY, PLANT AND EQUIPMENTS

Particulars	Freehold land	Leasehold land	Buildings	Plant & Equipments	Plant & Equipments given under operating lease	Furniture & Fixtures	Vehicles	Office equipments	Computers	Total	Capital Work-in-progress
<b>GROSS CARRYING AMOUNT</b>											
As at 31st March, 2017	503	442	16,911	78,164	7	288	481	538	261	97,595	1,888
Additions	24	-	497	3,018	-	8	96	14	87	3,744	9,188
Disposals	-	-	13	1,938	-	5	22	48	47	2,073	3,744
Adjustments	-	-	2,277	(2,329)	-	3	-	7	9	(33)	-
As at 31st March, 2018	527	442	19,672	76,915	7	294	555	511	310	99,233	7,332
Additions	274	-	1,080	8,669	-	31	73	56	75	10,258	9,141
Disposals	-	-	20	482	-	-	-	1	9	512	10,258
Adjustments	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31st March, 2019</b>	<b>801</b>	<b>442</b>	<b>20,732</b>	<b>85,102</b>	<b>7</b>	<b>325</b>	<b>628</b>	<b>566</b>	<b>376</b>	<b>108,979</b>	<b>6,215</b>
<b>DEPRECIATION</b>											
As at 31st March, 2017	-	-	5,648	34,130	2	133	177	307	200	40,597	-
For the year	-	-	759	3,851	-	24	77	89	33	4,833	-
Disposals	-	-	9	1,736	-	5	19	46	47	1,862	-
Adjustments	-	-	635	(662)	-	2	-	5	5	(15)	-
As at 31st March, 2018	-	-	7,033	35,583	2	154	235	355	191	43,553	-
For the year	-	-	717	4,334	-	25	81	89	43	5,289	-
Disposals	-	-	20	264	-	-	-	1	5	290	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31st March, 2019</b>	<b>-</b>	<b>-</b>	<b>7,730</b>	<b>39,653</b>	<b>2</b>	<b>179</b>	<b>316</b>	<b>443</b>	<b>229</b>	<b>48,552</b>	<b>-</b>
<b>NET CARRYING AMOUNT</b>											
<b>As at 31st March, 2019</b>	<b>801</b>	<b>442</b>	<b>13,002</b>	<b>45,449</b>	<b>5</b>	<b>146</b>	<b>312</b>	<b>123</b>	<b>147</b>	<b>60,427</b>	<b>6,215</b>
As at 31st March, 2018	527	442	12,639	41,332	5	140	320	156	119	55,680	7,332
As at 31st March, 2017	503	442	11,263	44,034	5	155	304	231	61	56,998	1,888

**6. INTANGIBLE ASSETS**

(₹ in Lakhs)

Particulars	Mining Rights	Computer software	Total	Intangible assets under development
<b>GROSS CARRYING AMOUNT</b>				
As at 31st March, 2017	11	909	920	-
Additions	-	81	81	81
Disposals	-	1	1	81
Adjustments	-	33	33	-
As at 31st March, 2018	11	1,022	1,033	-
Additions	-	68	68	68
Disposals	-	-	-	68
Adjustments	-	-	-	-
<b>As at 31st March, 2019</b>	<b>11</b>	<b>1,090</b>	<b>1,101</b>	<b>-</b>
<b>DEPRECIATION</b>				
As at 31st March, 2017	10	492	502	-
For the year	1	119	120	-
Disposals	-	1	1	-
Adjustments	-	15	15	-
As at 31st March, 2018	11	625	636	-
For the year	-	131	131	-
Disposals	-	-	-	-
Adjustments	-	-	-	-
<b>As at 31st March, 2019</b>	<b>11</b>	<b>756</b>	<b>767</b>	<b>-</b>
<b>NET CARRYING AMOUNT</b>				
<b>As at 31st March, 2019</b>	<b>-</b>	<b>334</b>	<b>334</b>	<b>-</b>
As at 31st March, 2018	-	397	397	-
As at 31st March, 2017	1	417	418	-

**7. INVESTMENTS (NON-CURRENT)**

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
Investments in Equity Shares (Fully Paid up)		
In unquoted equity instruments (at fair value through OCI)		
Kirloskar Proprietary Limited (One equity share with a face value of ₹ 100 per share)	0	0
S. L. Kirloskar CSR Foundation (9,800 equity shares with a face value of ₹ 10 per share)	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

**Note :**

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

## 8. LOANS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Unsecured, considered good</b>		
Security deposits	854	868
Loans to contractors	4	10
Loans to employees	10	11
<b>Total</b>	<b>868</b>	<b>889</b>

## 9. OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Unsecured, considered good</b>		
Non-current bank balances		
Margin money deposit	1	1
Deposits with more than 12 months maturity	6	3
Interest accrued on deposits	1	1
<b>Total</b>	<b>8</b>	<b>5</b>

## 10. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Unsecured, considered good</b>		
Capital advances	4,956	673
<b>Advances other than capital advances:</b>		
Prepaid expenses	9	10
Advance to suppliers	68	8
<b>Unsecured, considered doubtful</b>		
Claims receivable	40	31
Less: Provision	(40)	(31)
<b>Total</b>	<b>5,033</b>	<b>691</b>

## 11. INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
Raw materials at site	4,271	5,171
Raw materials in transit	10,970	8,519
	<b>15,241</b>	<b>13,690</b>
Work-in-progress	3,733	3,299
Finished goods	1,240	792
Stores and spares	4,288	3,823
Stores and spares in transit	33	-
By-products	92	115
<b>Total</b>	<b>24,627</b>	<b>21,719</b>

**Details of Work-in-progress**

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
a. Castings	<b>2,923</b>	2,528
b. Patterns	<b>634</b>	615
c. Others	<b>176</b>	156
<b>Total</b>	<b>3,733</b>	3,299

**Details of Finished Goods**

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
a. Pig iron	<b>393</b>	357
b. Castings	<b>847</b>	435
<b>Total</b>	<b>1,240</b>	792

**12. TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Trade receivables (Unsecured) :</b>		
Receivables considered good	<b>38,022</b>	29,197
Receivables which have significant increase in credit risk	<b>270</b>	261
	<b>38,292</b>	29,458
Less: Allowance for bad and doubtful trade receivables	<b>(270)</b>	(261)
<b>Total</b>	<b>38,022</b>	29,197

## Movement in allowance of bad and doubtful trade receivables

(₹ in Lakhs)

Particulars	
At 1st April, 2017	350
Provided during the year	20
Amount written off	-
Amount written back	(109)
At 31st March, 2018	261
Provided during the year	9
Amount written off	-
Amount written back	-
<b>At 31st March, 2019</b>	<b>270</b>

### 13. CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>A. Cash and Cash Equivalents</b>		
Balances with banks		
In Current accounts	101	206
Cash on hand	1	-
<b>Total (A)</b>	102	206
<b>B. Other Bank balances</b>		
Earmarked balances (unpaid dividend accounts)	353	313
<b>Total (B)</b>	353	313

### 14. LOANS (CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Unsecured, considered good</b>		
Loan to employees	29	27
Loan to contractors	57	80
<b>Total</b>	86	107

### 15. OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Unsecured, considered good</b>		
Interest accrued on deposits	76	81
<b>Derivative assets</b>		
Foreign currency forward contract	-	46
<b>Total</b>	76	127

### 16. CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
Income Tax (Net)	1,341	1,012
<b>Total</b>	1,341	1,012

### 17. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Unsecured, considered good</b>		
Advances to suppliers	801	1,173
Balances with VAT authorities	596	979
Prepaid expenses	105	97
<b>Total</b>	1,502	2,249



**18. SHARE CAPITAL**

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Authorised Equity Share Capital</b> 210,000,000 (210,000,000) Equity Shares of ₹ 5 each	<b>10,500</b>	10,500
<b>Issued, Subscribed and Paid up Equity Share Capital</b> 137,649,041 (137,308,081) Equity Shares of ₹ 5 each	<b>6,882</b>	6,865
<b>Total</b>	<b>6,882</b>	6,865

**Note:** The Company has authorised preference share capital comprising of 117,000,000 (117,000,000) Preference Shares of ₹ 10 each aggregating to ₹ 11,700 (11,700) Lakhs. However the same has not been issued nor subscribed.

**a. Reconciliation of the shares at the beginning and at the end of the reporting period.**

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
	Number	(₹ in Lakhs)	Number	(₹ in Lakhs)
<b>Equity shares</b>				
Balance at the beginning of the year	<b>137,308,081</b>	<b>6,865</b>	137,308,081	6,865
Shares issued during the year	<b>340,960</b>	<b>17</b>	-	-
Shares bought back during the year	-	-	-	-
Balance at the end of the year	<b>137,649,041</b>	<b>6,882</b>	137,308,081	6,865

**b. Rights and preferences attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Equity shares held by holding company**

Name of Shareholder	Year ended 31st March, 2019		Year ended 31st March, 2018	
	No. of shares held	Percentage of holding	No. of shares held	Percentage of holding
Kirloskar Industries Limited*	<b>70,643,754</b>	<b>51.32</b>	70,643,754	51.45

\* Kirloskar Industries Limited is the only shareholder holding more than 5 percent of the total equity shares.

## 19. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>a. Securities premium</b>		
Opening balance	19,384	19,384
Add : on account of exercise of employee stock options	281	-
Closing balance <b>Total (a)</b>	19,665	19,384
<b>b. General reserves</b>		
Opening balance	5,000	4,500
Add: Current year transfer from Surplus	500	500
Closing balance <b>Total (b)</b>	5,500	5,000
<b>c. Surplus - balance in the Statement of Profit and Loss</b>		
Opening balance	27,855	27,508
Add :		
Profit for the year	9,811	3,800
Other comprehensive income / (loss)	27	(61)
Less : Appropriations		
Final Dividend on equity shares *	(1,717)	(2,403)
Dividend Distribution Tax on Final Dividend *	(353)	(489)
Interim Dividend on equity shares - FY 2018-19	(1,377)	-
Dividend Distribution Tax on Interim Dividend - FY 2018-19	(283)	-
Amount transferred to General reserve	(500)	(500)
Closing balance <b>Total (c)</b>	33,463	27,855
<b>d. Share options outstanding account</b>		
Opening balance	144	-
Add: Employee stock option expense	284	144
Less: Transfer to securities premium on account of exercise of employee stock options	(127)	-
Closing balance <b>Total (d)</b>	301	144
<b>Total (a+b+c+d)</b>	<b>58,929</b>	<b>52,383</b>

**Note :** \* ₹ 1,717 Lakhs and ₹ 353 Lakhs pertains to FY 2017-18 and ₹ 2,403 Lakhs and ₹ 489 Lakhs pertains to FY 2016-17.

### Description of the purposes of reserves within equity

#### General Reserve

Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net income in accordance with applicable regulations.

#### Securities premium

The amount in the Securities premium account represents the additional amount paid by the shareholders for the issued shares in excess of the face value of those shares.

#### Share options outstanding account

The Company offers ESOP, under which options to subscribe for the Company's share have been granted to specified senior management employees. The Share options outstanding account balance represents fund created as per the Company's ESOP scheme.

**20. LONG TERM BORROWINGS**

(₹ In Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Unsecured</b>		
Term Loans		
From Bank	<b>4,100</b>	-
<b>Total</b>	<b>4,100</b>	-

**Details of unsecured term loan from banks**

Name of bank	Loan availed (₹ in Lakhs)	Interest rate per annum payable monthly	Tenure	Principal Repayment
Citibank NA	1,500	7.25%	2 years	Bullet repayment on 30th April, 2020. Interest rate will be reset once in a year.
BNP Paribas	3,000	8.75%	48 months	45 equal instalments of ₹ 100 Lacs from September 2018. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 19th June, 2018. At every put and call option date interest rate will be reset.
BNP Paribas	1,500	8.75%	48 months	

The amount repayable within 12 months from the reporting date, i.e. ₹ 1,200 lakhs payable to BNP Paribas has been reflected in 'Current maturities of long term borrowings' under the note no.25 Other Current Financial Liabilities.

**21. PROVISIONS (NON-CURRENT)**

(₹ In Lakhs)

Particulars	As at 31st March	
	2019	2018
Provision for employee benefits		
Leave encashment	<b>246</b>	166
<b>Total</b>	<b>246</b>	166

## 22. DEFERRED TAX LIABILITIES (NET)

The major components of income tax expense for the years ended 31st March, 2019 and 31st March, 2018 are as given below:

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2019	2018
<b>Statement of Profit and Loss section</b>		
<b>Current income tax:</b>		
Current income tax charge	<b>3,767</b>	1,440
Short / (excess) for the earlier years	<b>(35)</b>	(46)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	<b>1,128</b>	248
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>4,860</b>	1,642
<b>OCI Section</b>		
Deferred tax related to items recognised in OCI during the year:		
Deferred tax net loss / (gain) on actuarial gains and losses	<b>(14)</b>	32
<b>Income tax charged to OCI</b>	<b>(14)</b>	32

### Reconciliation of actual income tax and effective income tax

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2019	2018
Accounting profit before tax	<b>14,671</b>	5,442
At India's statutory income tax rate of 34.944% (31st March, 2018: 34.608%)	<b>5,127</b>	1,883
Tax effects on adjustments which are not deductible (taxable) in calculating taxable income		
Tax of earlier years	<b>(35)</b>	(46)
On account of deduction under tax holiday period and weighted deduction of research and development unit	<b>(796)</b>	(411)
Other Items which are not deductible (taxable) in calculating taxable income	<b>157</b>	141
Others	<b>407</b>	75
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>4,860</b>	1,642

**Deferred tax relates to the following**

(₹ In Lakhs)

Particulars	Deferred tax asset / (liability)		Movement in deferred tax	
	As at 31st March		For the Year ended 31st March	
	2019	2018	2019	2018
Property, plant and equipment and intangible assets	<b>(9,950)</b>	(8,762)	<b>1,188</b>	259
Disallowances under section 43B of Income tax Act, 1961	<b>450</b>	409	<b>(41)</b>	(91)
Provision for doubtful debts and advances	<b>95</b>	90	<b>(5)</b>	48
<b>Total</b>	<b>(9,405)</b>	(8,263)	<b>1,142</b>	216

(₹ In Lakhs)

Breakup of movement in Deferred Tax Liabilities, Net	As at 31st March	
	2019	2018
Opening balance	<b>8,263</b>	8,047
Tax expense during the year recognised in Statement of Profit and Loss	<b>1,128</b>	248
Tax expense during the year recognised in OCI	<b>14</b>	(32)
<b>Sub-total</b>	<b>1,142</b>	216
<b>Closing balance</b>	<b>9,405</b>	8,263

(₹ In Lakhs)

Reflected in the Balance Sheet as follows:	As at 31st March	
	2019	2018
Deferred Tax Liabilities	<b>9,950</b>	8,762
Deferred Tax Assets	<b>545</b>	499
<b>Deferred Tax Liabilities, Net</b>	<b>9,405</b>	8,263

The Company offsets the tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

### 23. BORROWINGS (CURRENT)

(₹ In Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Secured</b>		
Loans payable on demand		
Short Term Loans	1,000	-
Cash Credit from banks	5,710	6,159
<b>Total (a)</b>	<b>6,710</b>	<b>6,159</b>
<b>Unsecured</b>		
Loans payable on demand		
Working capital facilities from banks	678	1,080
<b>Total (b)</b>	<b>678</b>	<b>1,080</b>
<b>Total (a + b)</b>	<b>7,388</b>	<b>7,239</b>

#### Security for Secured Loans :

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 45,000 Lakhs (previous year ₹ 45,000 Lakhs) are secured by first charge by way of hypothecation on the current assets both present and future, in favour of IDBI Trusteeship Services Limited, as Security Trustees, for the benefit of consortium banks.

#### Net Debt position

(₹ In Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Cash and Bank Balance</b>		
Cash and cash equivalents	102	206
<b>Borrowings</b>		
Current Borrowings	(7,388)	(7,239)
Long term borrowings (including current maturities)	(5,300)	-
	<b>(12,688)</b>	<b>(7,239)</b>
<b>Net debt</b>	<b>(12,586)</b>	<b>(7,033)</b>

#### Net debt reconciliation as at 31st March, 2019

(₹ In Lakhs)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2018	206	(7,239)	(7,033)
Cash flows	(104)	-	(104)
Foreign exchange adjustment			
Interest accrued but not due as on 1st April, 2018	-	-	-
Interest accrued but not due as on 31st March, 2019	-	(1)	(1)
Interest expense	-	1,597	1,597
Interest paid	-	(1,596)	(1,596)
Borrowing / (Repayment) (Net) - Short term	-	(149)	(149)
Borrowing / (Repayment) (Net) - Long term	-	(5,300)	(5,300)
Net debt as at 31st March, 2019	<b>102</b>	<b>(12,688)</b>	<b>(12,586)</b>

**Net debt reconciliation as at 31st March, 2018**

(₹ In Lakhs)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2017	952	(11,114)	(10,162)
Cash flows	(746)	-	(746)
Foreign exchange adjustment			
Interest accrued but not due as on 1st April, 2017	-	-	-
Interest accrued but not due as on 31st March, 2018	-	-	-
Interest expense	-	(1,076)	(1,076)
Interest paid	-	1,076	1,076
Borrowing / (Repayment) (Net)	-	3,875	3,875
Net debt as at 31st March, 2018	<b>206</b>	<b>(7,239)</b>	<b>(7,033)</b>

**24. TRADE PAYABLES**

(₹ In Lakhs)

Particulars	As at 31st March	
	2019	2018
Total outstanding dues of micro enterprises and small enterprises	<b>1,234</b>	688
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	<b>23,786</b>	22,836
Others	<b>18,503</b>	12,252
<b>Total</b>	<b>42,289</b>	35,088

**25. OTHER FINANCIAL LIABILITIES (CURRENT)**

(₹ In Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Derivative liabilities</b>		
Foreign currency forward contract	<b>456</b>	-
<b>Other financial liabilities</b>		
Current maturities of long term borrowings	<b>1,200</b>	-
Interest accrued but not due on borrowings	<b>1</b>	-
Unclaimed dividend *	<b>353</b>	313
Payable for capital purchases	<b>2,152</b>	4,895
Payable to employees	<b>1,364</b>	1,058
Creditors for expenses	<b>513</b>	383
Security deposit	<b>4</b>	2
<b>Total</b>	<b>6,043</b>	6,651

\* There is no amount due and outstanding as at balance sheet date to be credited to Investor Education and Protection Fund.

(₹ In Lakhs)

Disclosure in respect of principal and interest pertaining to the "Micro, Small and Medium Enterprises Development Act 2006". The information has been given in respect of such vendors on the basis of information available with the Company:

Particulars	As at 31st March	
	2019	2018
Total outstanding to MSME Suppliers (not due)		
i. Trade payables	<b>1,234</b>	688
ii. Other Current Liabilities - Creditors for capital goods	<b>49</b>	2,716
Principal amount due remaining unpaid		
i. Trade payables	-	-
ii. Creditors for capital goods	-	-
Interest on above and unpaid interest	-	-
Interest paid	<b>0</b>	-
Payment made beyond the appointed day	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

## 26. OTHER CURRENT LIABILITIES

(₹ In Lakhs)

Particulars	As at 31st March	
	2019	2018
Advance from customers	<b>749</b>	512
Taxes and duties (Net)	<b>1,054</b>	1,368
Provident fund payable	<b>62</b>	50
<b>Total</b>	<b>1,865</b>	1,930

## 27. PROVISIONS (CURRENT)

(₹ In Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Provision for employee benefits</b>		
Contribution to Superannuation funds	<b>23</b>	20
Gratuity	<b>4</b>	144
Leave encashment	<b>429</b>	384
<b>Provision for expected sales returns</b>	<b>158</b>	104
<b>Total</b>	<b>614</b>	652



**28. REVENUE FROM OPERATIONS**

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2019	2018
Sale of products (including excise duty)		
Pig iron	<b>117,572</b>	91,602
Castings	<b>92,311</b>	72,126
By-products	<b>3,102</b>	2,294
Other operating income		
Export Incentive	<b>3</b>	-
Scrap / miscellaneous sales	<b>2,927</b>	10,497
<b>Total</b>	<b>215,915</b>	176,519

**Note :**

Revenue from operations for the year ended 31st March, 2019 is not comparable with revenue from operations for the year ended 31st March, 2018, as the amount of excise duty is not included in the revenue from operations post implementation of GST effective from 1st July, 2017.

**Changes in significant accounting policy - Ind AS 115: Revenue from contracts with customers**

The Company has applied Ind AS 115 - Revenue from contracts with customers from 1st April, 2018. Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts and related interpretations. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services.

The Company has adopted Ind AS 115 using the cumulative effect method, with the effect of applying this standard recognised at the date of application i.e. from 1st April, 2018. Accordingly, the information presented for year ended 31st March, 2018 has not been restated - i.e. it is presented, as previously reported, under Ind AS 18, Ind AS 11 and related interpretations. Additionally, the disclosure requirements in Ind AS 115 have not been applied to comparative information.

After evaluation of all the live contracts as on 1st April, 2018 there is no material impact on application of Ind AS 115 on financial statements.

**29. OTHER INCOME**

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2019	2018
Interest income from financial assets at amortised cost	<b>97</b>	148
Dividend	<b>0</b>	0
Net gain/loss on sale of investments	<b>1</b>	-
Other non-operating income		
Incentive from Industrial Promotion Scheme	<b>274</b>	-
Rental income	<b>3</b>	7
Insurance claim received	-	17
Taxes refund	<b>1</b>	132
Provision no longer required written back	<b>80</b>	94
Sundry credit balances appropriated	<b>81</b>	100
Miscellaneous income	<b>16</b>	18
<b>Total</b>	<b>553</b>	516

### 30. COST OF MATERIAL CONSUMED

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2019	2018
Stock at the beginning of the year	13,690	4,646
Add : Purchases	136,029	117,914
	149,719	122,560
Less : Stock at the end of the year	15,241	13,690
Cost of material consumed	134,478	108,870

### 31. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2019	2018
At the end of the year		
a. Finished goods	1,240	792
b. By-Products	92	115
c. Work-in-Progress	3,733	3,299
Total (A)	5,065	4,206
At the beginning of the year		
a. Finished goods	792	1,187
b. By-Products	115	104
c. Work-in-Progress	3,299	2,941
Total (B)	4,206	4,232
<b>(Increase)/Decrease ( B-A )</b>	<b>(859)</b>	26

### 32. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2019	2018
Salaries, wages and incentives	7,570	6,632
Contributions to		
Provident fund	288	268
Superannuation scheme	23	20
Gratuity (Refer Note no.41)	123	114
Others	51	21
Employee share-based payment expense (Refer Note no. 42)	284	144
Staff welfare expenses	1,035	867
<b>Total</b>	<b>9,374</b>	8,066

**33. FINANCE COSTS**

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2019	2018
Interest on term loan	159	-
Interest expense	1,438	1,076
Other borrowing costs	50	21
<b>Total</b>	<b>1,647</b>	<b>1,097</b>

**34. DEPRECIATION AND AMORTISATION EXPENSE**

(₹ In Lakhs)

Particulars	For the year ended 31st March	
	2019	2018
Property, plant and equipment (Refer Note No. 5)	5,289	4,833
Intangible assets (Refer Note No. 6)	131	120
<b>Total</b>	<b>5,420</b>	<b>4,953</b>

### 35. OTHER EXPENSES

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2019	2018
<b>a. OPERATIONAL EXPENSES</b>		
Consumption of stores and spare parts	8,624	7,116
Consumption of Consumables	10,633	8,489
Power, fuel and water [Note (i)]	14,701	13,570
Machinery hire charges	240	195
Repairs and maintenance		
Machinery	1,953	1,187
Buildings	209	214
Fettling and other manufacturing expenses	2,388	2,029
Other processing expenses	1,508	1,106
Excise duty on Increase / (Decrease) in closing stock of finished goods	-	(150)
<b>Total (a)</b>	<b>40,256</b>	<b>33,756</b>
<b>b. SELLING EXPENSES</b>		
Freight and forwarding expenses (net)	5,913	5,152
Advertisement	56	16
Sales commission and incentive	-	258
Royalty	512	387
Other selling expenses	62	112
<b>Total (b)</b>	<b>6,543</b>	<b>5,925</b>
<b>c. ADMINISTRATIVE EXPENSES</b>		
Rent [Note (ii)]	73	77
Rates and taxes	250	328
Insurance	55	36
Other repairs and maintenance	168	140
Travelling expenses	262	211
Legal and professional charges	517	489
Communication expenses	65	45
Printing and stationery	31	43
Auditors remuneration [Note (iii)]	35	32
Miscellaneous expenses	768	587
Directors' commission	82	48
Bad debts written off (Net)	-	96
Provision for doubtful debts	9	(89)
Directors sitting fees	38	45
CSR expenses [Note (iv)]	184	204
Net loss on foreign currency transactions	794	481
Loss on assets sold, demolished, discarded and scrapped	210	141
<b>Total (c)</b>	<b>3,541</b>	<b>2,914</b>
<b>Total (a+b+c)</b>	<b>50,340</b>	<b>42,595</b>

#### Note (i) - Power, fuel and water

The Company has received incentive from Industrial Promotion Scheme by way of reduction of electricity duty. The above "Power, fuel and water" expenditure is net of electricity duty amounting to ₹ 97 lakhs (Previous year : ₹ Nil).

**Note (ii) Rent**

The lease payments under operating leases charged to the Statement of Profit and Loss during the year amounts to ₹ 73 Lakhs (Previous year ₹ 77 Lakhs) and the total future minimum lease payments under operating leases are:

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2019	2018
Lease rent payable		
Not Later than one year	65	55
Later than one year and not later than five years	14	52
Later than five years	-	-

**Note (iii) Payments to auditors**

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2019	2018
a. As auditors	28	24
b. For Taxation matters	4	4
c. For certification fees and other services	2	2
d. Reimbursement of expenses	1	2
<b>Total</b>	<b>35</b>	<b>32</b>

**Note (iv) Details of CSR Expenditure**

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2019	2018
<b>Gross amount to be spent during the year</b>	<b>175</b>	<b>187</b>
<b>Amount spent in cash during the year on:</b>		
Construction/acquisition of any asset	-	-
Others		
Education	137	157
Environment	7	20
Health	24	13
Rural development	16	14
<b>Total</b>	<b>184</b>	<b>204</b>

**Note (v) Research and Development expenditure**

(₹ In Lakhs)

Revenue expenses on research and development unit situated at Bevinahalli village, Koppal incurred during the year are given below	For the Year ended 31st March	
	2019	2018
Cost of materials/consumables/spares	1	8
Employee related expense	303	232
Other expenses	3	4
<b>Total</b>	<b>307</b>	<b>244</b>

(₹ In Lakhs)

Capital expenditure on research and development unit situated at Bevinahalli village, Koppal incurred during the year are given below	For the Year ended 31st March	
	2019	2018
Property, plant and equipment		
Plant and machinery	897	-
Building	56	-
Computers	11	3
Office equipment	4	-
Furniture and fixtures	10	-
Intangible assets	24	75
<b>Total</b>	<b>1,002</b>	<b>78</b>

### 36. Earnings per equity share as calculated in accordance with Accounting Standard

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on exercise of stock option.

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

Particulars	For the Year ended 31st March	
	2019	2018
a. Net Profit after tax considered for the calculation of EPS (₹ in Lakhs)	9,811	3,800
b. Number of equity shares outstanding at the end of year	137,649,041	137,308,081
c. Weighted average number of equity shares used in computing earnings per equity share	137,418,037	137,308,081
d. Effects of dilution on account of Stock options granted under ESOS	337,231	237,731
e. Weighted average number of equity shares adjusted for the effect of dilution*	137,755,268	137,545,812
f. Earnings per share		
Basic (₹)	7.14	2.77
Diluted (₹)	7.12	2.76
g. Face value per equity share (₹)	5.00	5.00

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

**37. FAIR VALUE MEASUREMENTS****Financial instruments by category as at 31st March, 2019**

(₹ in Lakhs)

Particulars	Amortised cost	FVTPL	FVTOCI
<b>Financial assets</b>			
Investments in unquoted equity shares	-	-	1
Loans	954	-	-
Trade receivables	38,022	-	-
Cash and cash equivalents	102	-	-
Other bank balances	353	-	-
Other financial assets excluding derivative assets	84	-	-
Derivative assets on forward exchange foreign contracts	-	-	-
<b>Total</b>	<b>39,515</b>	<b>-</b>	<b>1</b>
<b>Financial liabilities</b>			
Borrowings	11,488	-	-
Trade payables	43,523	-	-
Other financial liabilities excluding derivative liabilities	5,587	-	-
Derivative liabilities on foreign currency forward contracts	-	456	-
<b>Total</b>	<b>60,598</b>	<b>456</b>	<b>-</b>

**Financial instruments by category as at 31st March, 2018**

(₹ in Lakhs)

Particulars	Amortised cost	FVTPL	FVTOCI
<b>Financial assets</b>			
Investments in unquoted equity shares	-	-	1
Loans	996	-	-
Trade receivables	29,197	-	-
Cash and cash equivalents	206	-	-
Other bank balances	313	-	-
Other financial assets excluding derivative assets	86	-	-
Derivative assets on forward exchange foreign contracts	-	46	-
<b>Total</b>	<b>30,798</b>	<b>46</b>	<b>1</b>
<b>Financial liabilities</b>			
Borrowings	7,239	-	-
Trade payables	35,776	-	-
Other financial liabilities excluding derivative liability	6,651	-	-
Derivative liabilities on foreign currency forward contracts	-	-	-
<b>Total</b>	<b>49,666</b>	<b>-</b>	<b>-</b>

The Company has not performed a fair valuation of its investment in unquoted ordinary shares, which are classified as FVTOCI (refer Note No. 7), as the Company believes that impact of change on account of fair value is insignificant.

#### Fair value hierarchy

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis :

#### Quantitative disclosures fair value measurement hierarchy for assets:

(₹ in Lakhs)

Particulars	Amount	Fair value		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Asset / (Liability) measured at fair value through profit or loss				
Derivative Asset (Liability) on account of forward exchange contracts				
Date of Valuation				
<b>As at 31st March, 2019</b>	<b>(456)</b>	-	<b>(456)</b>	-
As at 31st March, 2018	46	-	46	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Derivative financial assets / (liability) are valued based on inputs that are directly or indirectly observable in the market.

#### Fair value of financial assets and financial liabilities measured at amortised cost :

The management believes that the fair values of non-current financial assets (e.g. loans and others), current financial assets (e.g., cash and cash equivalents, trade receivables, loans and others excluding other derivative assets) and current financial liabilities (e.g. trade payables and other payables excluding derivative liabilities) approximate their carrying amounts.

### 38 Financial instruments risk management objectives and policies

The Company's activities exposes it to market risks, credit risks and liquidity risks. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments such as forward foreign exchange contract, foreign currency option contracts, principal only swap are entered to hedge the foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as a trading or speculative purposes.

This note explains the source of risk which the entity is exposed to and how entity manages the risk in the financial statements

Risk	Exposure arising from	Risk Management Plan
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Diversification of bank deposits, credit limits and letter of credits.
Liquidity risk	Borrowings and other liabilities.	Availability of fund based and non fund based borrowing facilities.
Market risk - Foreign exchange	Recognised foreign currency borrowings, payables denominated in foreign currency, receivables denominated in foreign currency, firm commitments in foreign currency.	Forward foreign exchange contract, principal only swap, foreign currency options.



Market risk - Interest rate risk	Borrowings on account of working capital.	Entity continuously monitors interest rates on working capital borrowings at regular intervals and economises the transactions at the best possible rates drawn at the time of monitoring on the basis of comparative rates with various banks / institutions.
	Borrowings on account of Term Loans.	Long term borrowings carry fixed rate of interest.
Market risk - Commodity price risk	Coke/ coal, Iron ore and Pig Iron.	Every month entity monitors and reviews the price trend of the materials, demand and supply position and market intelligence report and strategy is adopted before finalising the next consignment / quantities for subsequent months.  The Commodity Price Risk is managed without any hedging of commodities by the Company.

#### i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, trade and other payables, foreign exchange forward contracts, security deposit, trade and other receivables, deposits with banks.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2019 and 31st March, 2018. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations and provisions.

Company's activities expose it to variety of market risks, including effect of changes in foreign currency exchange rate, interest rate and commodity price.

#### a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of the Company's interest bearing financial instruments are follows:

(₹ in Lakhs)

Particulars	31st March, 2019	31st March, 2018
<b>Fixed rate borrowings</b>		
Term loan from banks	5,300	-
<b>Variable rate borrowings</b>		
Loans repayable on demand	7,388	7,239

(₹ in Lakhs)

Particulars	31st March, 2019	31st March, 2018
Impact on profit before tax and pre-tax equity		
Increase by 50 basis points	(37)	(36)
Decrease by 50 basis points	37	36

**b. Foreign currency risk**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in its functional currency i.e. Indian rupee and in different foreign currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, where revenue or expense is denominated in a foreign currency. The Company manages its foreign currency risk by hedging foreign currency payables using foreign currency forward contracts or foreign currency options, principal only swaps etc. The Company negotiates the terms of those foreign currency forward contracts to match the terms of the hedged exposure.

**Details of foreign currency exposures that are hedged by derivative instruments or otherwise:**

(Currency in Lakhs)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Maturity Profile
<b>As at 31st March, 2019</b> <b>Payables</b>	<b>USD</b>	<b>219</b>	<b>15,640</b>	<b>Within 6 Months</b>
	<b>EURO</b>	<b>7</b>	<b>581</b>	
As at 31st March, 2018 Payables	USD	104	6,754	Within 6 Months

**Details of foreign currency exposures that are not hedged by derivative instruments or otherwise:**

(Currency in Lakhs)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency
<b>As at 31st March, 2019</b> <b>Payables</b>	<b>USD</b>	<b>86</b>	<b>5,970</b>
	<b>EURO</b>	<b>1</b>	<b>44</b>
As at 31st March, 2018 Payables	USD	180	11,710
	EURO	7	578

**Foreign currency sensitivity on unhedged exposure**

Financial Year	Foreign currency	Change in foreign currency rates	Effect on profit before tax (₹ in Lakhs)	Effect on pre-tax equity (₹ in Lakhs)
<b>For 31st March, 2019</b>	<b>USD</b>	<b>+5%</b>	<b>(298)</b>	<b>(298)</b>
		<b>-5%</b>	<b>298</b>	<b>298</b>
	<b>EURO</b>	<b>+5%</b>	<b>(2)</b>	<b>(2)</b>
		<b>-5%</b>	<b>2</b>	<b>2</b>
For 31st March, 2018	USD	+5%	(586)	(586)
		-5%	586	586
	EURO	+5%	(29)	(29)
		-5%	29	29

### c. Commodity price risk

Commodity price risk is a financial risk on the Company's financial performance which is affected by the fluctuating prices on account of global and regional supply / demand. Fluctuations in the prices of commodities mainly depend on market conditions.

The Company is subject to fluctuations in prices for the purchase of metallurgical coke, coking coal and iron ore which are the major input materials for production of pig iron. The Company procures the above referred materials at prevailing market prices.

#### Total exposure of the Company to commodities in INR

Commodity	Unit of Measurement	Purchases		Trade Payables as on	
		FY 2018-19	FY 2017-18	31st March 2019	31st March 2018
Coke	MT	<b>317,960</b>	268,141	-	-
	Rs. Lakhs	<b>80,320</b>	59,172	<b>22,534</b>	18,112
Iron Ore	MT	<b>672,554</b>	556,090	-	-
	Rs. Lakhs	<b>24,578</b>	19,527	<b>315</b>	296

Commodity	Unit of Measurement	Sales		Trade Receivables as on	
		FY 2018-19	FY 2017-18	31st March 2019	31st March 2018
Pig Iron	MT	<b>358,558</b>	306,389	-	-
	Rs. Lakhs	<b>117,563</b>	87,687	<b>13,364</b>	11,386

The Company has an elaborate control procedure for finalising the prices of commodities through approval process from designated company officials. Every month the price trend of the materials, demand and supply position and market intelligence report are reviewed and strategy is adopted before finalising the next consignment/quantities for subsequent months.

The Commodity Price Risk is managed without any hedging of commodities by the Company.

#### Commodity price sensitivity on consumption or sales during the year

Financial Year	Commodity	Change in commodity prices	Effect on profit before tax ₹ In Lakhs	Effect on pre-tax equity ₹ In Lakhs
For 31st March, 2019	Coke	+5%	<b>(4,016)</b>	<b>(4,016)</b>
		-5%	<b>4,016</b>	<b>4,016</b>
	Iron Ore	+5%	<b>(1,229)</b>	<b>(1,229)</b>
		-5%	<b>1,229</b>	<b>1,229</b>
	Pig Iron	+5%	<b>5,878</b>	<b>5,878</b>
		-5%	<b>(5,878)</b>	<b>(5,878)</b>
For 31st March, 2018	Coke	+5%	(2,959)	(2,959)
		-5%	2,959	2,959
	Iron Ore	+5%	(976)	(976)
		-5%	976	976
	Pig Iron	+5%	4,384	4,384
		-5%	(4,384)	(4,384)

## ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities such as primarily trade receivables and from its investing activities, including deposits with banks and financial institutions, cash and cash equivalent and other financial instruments.

### a. Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit exposure risk is mainly influenced by class or type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data as well as futuristic information. The Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors.

**The ageing of trade receivables at the reporting date that were not impaired are as follows:**

(₹ in Lakhs)

Particulars	31st March, 2019		31st March, 2018	
	Amount	Percentage	Amount	Percentage
Less than one year	37,904	99.69%	29,169	99.90%
one year to three years	118	0.31%	28	0.10%
<b>Total</b>	<b>38,022</b>	<b>100.00%</b>	<b>29,197</b>	<b>100.00%</b>

### b. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with Company's policy. Investments of surplus funds are made only with approved counter parties. Company monitors rating, credit spreads and financial strength of its counter parties. Based on ongoing assessment Company adjust it's exposure to various counter parties.

### c. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. Company has access to banks, capital and money market across debt, equity and hybrids.

The table given below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	Less than 1 year	More than 1 year but less than 3 year	More than 3 year but less than 5 year	Total
<b>As at 31st March, 2019</b>				
Borrowings - Current	7,388	-	-	7,388
Borrowings - Non-current	-	3,900	200	4,100
Trade payables	43,523	-	-	43,523
Any other financial liabilities	6,043	-	-	6,043
<b>Total</b>	<b>56,954</b>	<b>3,900</b>	<b>200</b>	<b>61,054</b>
<b>As at 31st March, 2018</b>				
Borrowings	7,239	-	-	7,239
Trade payables	35,771	5	-	35,776
Any other financial liabilities	6,651	-	-	6,651
<b>Total</b>	<b>49,661</b>	<b>5</b>	<b>-</b>	<b>49,666</b>

Note : Company is not expecting to prepay any of its liabilities.

### 39. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2019 and 31st March, 2018.

### 40. Disclosure pursuant to Ind-AS 19 Employee Benefits:

#### Defined contribution plan:

Contribution to the defined contribution plan recognised as expense are as under:

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2019	2018
a. Employer's contribution to provident fund	288	268
b. Employer's contribution to superannuation fund	23	20

The Provident Fund contributions are remitted to the Regional Provident Fund Commissioner.

The Contribution on account of Superannuation is remitted to Life Insurance Corporation of India, who manages the Superannuation Fund.

**41. Disclosure pursuant to Ind-AS 19 Employee Benefits:**

**Defined Benefit Plan:**

The Employee Gratuity Fund Scheme is a Defined Benefit Plan. The present value of the obligation is based on the actuarial valuation using Projected Unit Credit Method.

(₹ In Lakhs)

Particulars	Gratuity (Funded)	
	For the Year ended 31st March	
	2019	2018
a. Asset and Liability		
Present Value of Obligation	<b>2,144</b>	2,004
Fair Value of Plan Assets	<b>2,140</b>	1,860
Surplus/ (Deficit)	<b>(4)</b>	(144)
b. Expenses Recognized during the period		
In income Statement	<b>123</b>	114
In Other Comprehensive Income	<b>(41)</b>	93
Total Expenses Recognized during the Period	<b>82</b>	207
c. Changes in the Present Value of Obligations (PVO)		
PVO at beginning of Period	<b>2,004</b>	1,736
Current Service Cost	<b>112</b>	112
Interest Expenses or Cost	<b>151</b>	119
Re-measurement (or actuarial) (Gain) / Loss arising from:		
change in Demographic assumptions	-	-
change in Financial assumptions	<b>9</b>	(94)
experience Variance (i.e, actual experience vs assumptions)	<b>(56)</b>	194
Others	-	-
Past Service Cost	-	-
Effect of Change in Foreign exchange rates	-	-
Benefits paid	<b>(76)</b>	(63)
Acquisition Adjustment	-	-
Effect of Business Combinations or Disposals	-	-
PVO at end of period	<b>2,144</b>	2,004
d. Bifurcation of Present Value of Obligation		
Current Liability (Short term)	<b>189</b>	284
Non-Current Liability (Long term)	<b>1,955</b>	1,720
Present Value of Obligation	<b>2,144</b>	2,004
e. Changes in Fair Value of Plan Assets		
Fair Value of Plan Assets as at the beginning	<b>1,860</b>	1,698
Investment income	<b>140</b>	117
Employer's Contribution	<b>222</b>	101
Employee's Contribution	-	-
Benefit Paid	<b>(76)</b>	(63)
Return on plan Assets, Excluding amount recognised in net interest expense	<b>(6)</b>	7
Acquisition Adjustment	-	-
Fair Value of Plan Assets at the end of period	<b>2,140</b>	1,860

Particulars	Gratuity (Funded)	
	For the Year ended 31st March	
	2019	2018
f. Change in the effect of asset ceiling		
Effect of asset ceiling at the beginning	-	-
Interest Expense or cost (to the extent not recognized in net interest expense)	-	-
Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	-	-
Effect of Asset Ceiling at the End	-	-
g. Expenses Recognized in the Statement of Profit and Loss		
Current Service Cost	<b>112</b>	112
Past Service Cost	-	-
Loss/(Gain) on Settlement	-	-
Net interest cost/ (Income) on the net Defined Benefit Liability / (Asset)	<b>11</b>	2
Expenses Recognized in the income Statement	<b>123</b>	114
h. Effect on Other Comprehensive income		
Actuarial (gains) / losses		
change in Demographic Assumptions	<b>9</b>	-
change in financial Assumptions	<b>(56)</b>	(94)
Experience variance (i.e. Actual experience vs. assumptions)	-	194
others	<b>6</b>	-
Return on plan assets, excluding amount recognized in net interest expense	-	(7)
Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	-	-
Components of defined benefit costs recognized in other comprehensive income	<b>(41)</b>	93
i. Actuarial Assumptions		
Mortality (% of IALM 2006-08)	<b>100%</b>	100%
Discount Rate	<b>7.45%</b>	7.55%
Rate of increase in compensation	<b>7.00%</b>	7.00%
Withdrawal rates	<b>4.00%</b>	4.00%

### Sensitivity Analysis

(₹ In Lakhs)

Particulars	31st March, 2019		31st March, 2018	
	Decrease	Increase	Decrease	Increase
Defined Benefit Obligation (Base)	2,144		2,004	
Discount Rate (- / + 1%) (% Change compared to base due to sensitivity)	2,302 7%	2,002 (7%)	2,142 7%	1,881 (6%)
Salary Growth Rate (- / + 1%) (% Change compared to base due to sensitivity)	2,000 (7%)	2,302 7%	1,879 (6%)	2,141 7%
Attrition Rate (- / + 50% of attrition rates) (% Change compared to base due to sensitivity)	2,139 0%	2,149 0%	2,000 0%	2,008 0%
Mortality Rate (- / + 10% of mortality rates) (% Change compared to base due to sensitivity)	2,144 0%	2,144 0%	2,004 0%	2,004 0%

#### Effect of Plan on entity's future cash flows

##### a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

##### b) Expected contribution during the next annual reporting period

(₹ in Lakhs)

The Company's best estimate of contribution during the next year	113
--	-----

##### c) Maturity Profile of defined benefit Obligation

(₹ in Lakhs)

Particulars	For the year ended 31st March	
	2019	2018
Expected cash flows over the next (Valued on Undiscounted basis):		
1 Year	189	285
2 to 5 years	925	750
6 to 10 years	1,209	1,253
More than 10 years	1,619	1,242



**Major category of Fair Value of Plan Assets at the end of the year is as under:**

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	(₹ in Lakhs)	Percent	(₹ in Lakhs)	Percent
Balances in Current Accounts with scheduled Banks	1	0.04	1	0.05
Funds with Life Insurance Corporation of India	2,140	99.96	1,859	99.95
<b>Total</b>	<b>2,141</b>	<b>100.00</b>	<b>1,860</b>	<b>100.00</b>

**Asset liability matching strategy**

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The Insurance company, as a part of policy rules makes payment of all gratuity payouts during the year as per policy conditions. The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

**42. Stock option scheme****KFIL Employee Stock Option Scheme – 2017:**

The Company has introduced employee stock option scheme. This employee equity-settled compensation scheme is known as KFIL Employee Stock Option Scheme 2017 (“KFIL ESOS 2017”). The employee stock option scheme is approved and authorized by the Board of Directors. This scheme is designed to provide incentives to specified senior management employees who are in the employment of the company and director(s), whether wholtime or otherwise, (other than promoters of the company, persons belonging to promoters group, independent directors and directors holding directly or indirectly more than 10 percent of the outstanding equity shares of the company). The specific employees to whom the options would be granted, and their eligibility criteria would be determined by the Nomination and Remuneration Committee.

Options granted under KFIL ESOS 2017 would vest after 1 (one) year but not later than 4 (four) years from the date of grant of such options. Options will be vested equally over four years. Vesting of options would be subject to continued employment with the Company and thus the options would vest essentially on passage of time. In addition to this, the Nomination and Remuneration Committee may also specify certain performance criteria subject to satisfaction of which the options would vest. Any option granted shall be exercisable according to the terms and conditions as determined by the Nomination and Remuneration Committee and as set forth in the Grant Letter. The exercise period shall be 3 (three) years from the date of vesting of options in case of employee is in continuation of employment. The vested options can be exercised by the employee at any time within the exercise period, or such other shorter period as may be prescribed by the Nomination and Remuneration Committee from time to time and as set out in the Grant Letter. When exercisable, each option is convertible into one equity share. The options not exercised within the exercise period shall lapse and the employee shall have no right over such lapsed or cancelled options. The shares arising out of exercise of vested options shall not be subject to any lock-in period from the date of allotment of such shares under KFIL ESOS 2017.

Under the said scheme, Nomination and Remuneration Committee of the Board of Directors has granted 1,765,000 options on 3rd November, 2017 and 120,000 options on 30th October, 2018 to its eligible employees.

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Weighted average exercise price per share per option (₹)	Number of options	Weighted average exercise price per share per option (₹)	Number of options
Opening Balance	50	1,765,000	-	-
Granted during the year	51	120,000	50	1,765,000
Exercised during the year	50	340,960	-	-
Forfeited during the year	50	38,100	-	-
Closing Balance	50	1,505,940	50	1,765,000
Options exercisable at the end of the period	50	62,190	50	-

Weighted average share price as on the date of exercise is ₹ 91.49 (Previous year : ₹ Nil).

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Particulars	Grant date	Expiry date	Exercise price (₹)	Options outstanding as at 31st March, 2019	Options outstanding as at 31st March, 2018
Vesting 1	3rd November, 2017	3rd November, 2021	50	62,190	441,250
Vesting 2	3rd November, 2017	3rd November, 2022	50	441,250	441,250
Vesting 3	3rd November, 2017	3rd November, 2023	50	441,250	441,250
Vesting 4	3rd November, 2017	3rd November, 2024	50	441,250	441,250
Vesting 1	30th October, 2018	30th October, 2022	51	30,000	-
Vesting 2	30th October, 2018	30th October, 2023	51	30,000	-
Vesting 3	30th October, 2018	30th October, 2024	51	30,000	-
Vesting 4	30th October, 2018	30th October, 2025	51	30,000	-
Total				1,505,940	1,765,000
Weighted average remaining contractual life of the options outstanding at the end of the period				4.55 years	5.1 years

#### Fair value of the options granted:

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

#### Fair value and assumptions for the equity-settled grant made on 30th October, 2018.

Grant: KFIL ESOS 2017	Vesting date 30th October			
	2019	2020	2021	2022
<b>Grant Date: 30th October, 2018</b>				
<b>Exercise price ₹ 51</b>				
<b>Input variables</b>				
Share Price (₹)	84.60	84.60	84.60	84.60
Standard Deviation (Volatility)	41.82%	41.29%	42.64%	42.83%
Risk-free rate	7.62%	7.66%	7.75%	7.83%
Exercise price (₹)	51.00	51.00	51.00	51.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	2.93%	2.93%	2.93%	2.93%
<b>Output</b>				
<b>Fair value of option (₹)</b>	<b>39.88</b>	<b>41.62</b>	<b>43.46</b>	<b>44.61</b>

**Fair value and assumptions for the equity-settled grant made on 3rd November, 2017.**

<b>Grant: KFIL ESOS, 2017</b>	<b>Vesting date 3rd November</b>			
<b>Grant Date: 3rd November, 2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Exercise price ₹ 50</b>				
<b>Input variables</b>				
Share Price (₹)	83.30	83.30	83.30	83.30
Standard Deviation (Volatility)	41.56%	43.11%	43.28%	42.06%
Risk-free rate	6.52%	6.58%	6.69%	6.80%
Exercise price (₹)	50.00	50.00	50.00	50.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	3.61%	3.61%	3.61%	3.61%
<b>Output</b>				
<b>Fair value of option (₹)</b>	<b>37.35</b>	<b>39.05</b>	<b>40.07</b>	<b>40.34</b>

**Rationale for principle variables used:**

1. Time to maturity of options is the period of time from the grant date to the date on which option is expected to be exercised. The minimum life of stock option is the minimum period before which the options cannot be exercised and maximum life is the period after which the options cannot be exercised.
2. The expected price volatility is based on the historic volatility, adjusted for any changes to future volatility due to publicly available information.

The Company has recorded employee share-based compensation expense in current year amounting to ₹ 284 lakhs (Previous year : ₹ 144 lakhs) for the options issued to the employees.

**43. The disclosure required by Indian Accounting Standard (Ind AS 37) 'Provisions, Contingent Liabilities, Contingent Assets' are as follows:**

(₹ in Lakhs)

<b>Class of Provision</b>	<b>Opening balance as on 1st April, 2018</b>	<b>Provisions for the year</b>	<b>Amounts used during the year</b>	<b>Closing balance as on 31st March, 2019</b>
Casting rejections	104	158	104	158

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.

**44. Disclosures of transactions with Related Parties as required by Ind AS 24**

<b>Name of Related Party</b>	<b>Nature of Relationship</b>
Kirloskar Industries Limited	Holding Company
Mr. R.V.Gumaste – Managing Director	Key Management Personnel
Mr. C.S.Panicker – Company Secretary	Key Management Personnel
Mr. R.S. Srivatsan – Chief Financial Officer	Key Management Personnel

(₹ In Lakhs)

Name of related party and nature of relationship	Nature of transaction	2018-2019		2017-2018		
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet	
<b>A. Holding Company</b> Kirloskar Industries Limited	Dividend	1,589	-	1,236	-	
	Building rent paid	6	-	6	-	
	Rent Deposit Receivable	-	3	-	2	
<b>B Key management personnel</b>	Mr. R.V.Gumaste - Managing Director	Dividend	4	-	2	
		Compensation	588	-	277	
		Compensation payable	-	384	-	157
	Mr. C.S. Panicker - Company Secretary	Dividend	0	-	-	-
		Compensation	90	-	70	-
		Compensation payable	-	6	-	5
	Mr. R.S. Srivatsan - Chief Financial Officer	Dividend	0	-	-	-
		Compensation	94	-	77	-
		Compensation payable	-	5	-	5
		Total Compensation	772		424	

**Notes :**

- Outstanding amount carried in Balance Sheet does not include liability in respect of gratuity and leave encashment which is provided on actuarial basis for the Company as a whole.
- Company has not made any Loans / Advances / Investments during the year to the Holding Company.

**Compensation of key management personnel of the Company**

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2019	2018
Short term employee benefits	642	388
Post employment benefits	46	32
Other long term benefits	15	4
Share-based payments	69	-
Termination benefits	-	-
<b>Total</b>	<b>772</b>	<b>424</b>

**45. Contingent Liabilities and Commitments**

(₹ In Lakhs)

Particulars	As at 31st March	
	2019	2018
<b>Claims against the company not acknowledged as debt</b>		
Central Excise and Customs	90	32
Service Tax	337	294
Income Tax	2,092	2,091
Sales Tax	121	653
Labour Matters to the extent quantifiable	39	39
Provident Fund Matters	185	185
<b>Guarantees excluding financial guarantee</b>		
Bank Guarantee	1,394	892
<b>Capital and Other Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	26,143	11,274

Note: In the opinion of the management the above legal matters when ultimately concluded will not have material effect on the results of the operations or the financial position of the Company.

As per the Hon. Supreme Court judgement dated 28th February, 2019, the contribution towards provident fund shall be based on Basic salary and all other fixed allowances upto ₹ 15,000 per month per employee. The provident fund expenditure also includes contribution for the month of February and March 2019 based on Hon. Supreme Court judgement.

**46.**

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2019	2018
Amount of borrowing costs capitalized	241	-

**47. C.I.F. value of imports and expenditure in foreign currencies:**

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2019	2018
a. C.I.F. value of imports		
i. Capital goods	779	857
ii. Raw materials	46,996	40,526
iii. Spare parts	426	211
b. Expenditure in foreign currencies		
i. Interest	449	260
ii. Capital Services	610	-
iii. Professional fee	4	0
iv. Others	50	28

**48. Earnings in foreign exchange :**

(₹ In Lakhs)

Particulars	For the Year ended 31st March	
	2019	2018
FOB value of exports	<b>292</b>	-

**49. RECENT ACCOUNTING PRONOUNCEMENTS**

Standards issued but not yet effective

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

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR  
Chairman  
DIN 00007387

R.V.GUMASTE  
Managing Director  
DIN 00082829

Suhas Deshpande  
Partner  
Membership No. 031787

C.S.PANICKER  
Company Secretary

R.S.SRIVATSAN  
Chief Financial Officer

Pune, 3rd May, 2019







**PROXY FORM**

Name of the Company : Kirloskar Ferrous Industries Limited  
CIN : L27101PN1991PLC063223  
Registered Office : 13, Laxmanrao Kirloskar Road, Khadki, Pune 411003 (Maharashtra)  
Tel No (020) 66084664 Fax No (020) 25813208  
Email : [investor@kfil.com](mailto:investor@kfil.com) Website : [www.kfil.com](http://www.kfil.com)

Name of the Member (s)
Registered address
Email ID
Folio No / DP ID and Client ID

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

1. Name : .....  
Address : .....  
Email ID : .....  
Signature : ....., or failing him
2. Name : .....  
Address : .....  
Email ID : .....  
Signature : ....., or failing him
3. Name : .....  
Address : .....  
Email ID : .....  
Signature : .....,

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 28th Annual General Meeting of the Company, to be held on Tuesday, the 23rd day of July, 2019 at 10.30 a.m. at S. M. Joshi Socialist Foundation, (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411030 and at any adjournment thereof in respect of such resolutions as are indicated below :

TEAR HERE

Resolution No	Particulars of Resolutions	Optional #	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of the Financial Statements for the financial year ended on 31st March, 2019 and also the reports of the Auditors and the Board of Directors thereon.		
2	To declare Final Dividend on equity shares for the financial year 2018-2019 and to confirm payment of Interim Dividend at the rate of Re. 1 per equity share (i.e. 20 percent) for the financial year 2018-2019 as declared by the Board of Directors		
3	Re-appointment of Mr. Rahul C. Kirloskar, Director who retires by rotation.		
<b>Special Business</b>			
4	Ratification of the remuneration of the Cost Auditors.		
5	Re-appointment of Mrs. Nalini Venkatesh as Independent Director to hold office for a second term of five consecutive years upto 12th August, 2024.		
6	Re-appointment of Mr. R. Sampathkumar as Independent Director to hold office for a second term of three consecutive years upto 12th August, 2022.		
7	Re-appointment of Mr. B. S. Govind as Independent Director to hold office for a second term of one year upto 12th August, 2020.		

Signed this ..... day of ..... 2019

Signature of Member : .....

Signature of Proxy holder(s) : .....



**Notes :**

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. **A Proxy need not be a member of the Company.**
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10 percent of the total share capital of the Company carrying voting rights. A member holding more than 10 percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. # This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.





Enriching Lives

## **KIRLOSKAR FERROUS INDUSTRIES LIMITED**

A Kirloskar Group Company

Regd. Office: 13, Laxmanrao Kirloskar Road, Khadki, Pune - 411 003, INDIA.

Tel.: +91(20) 6608 4645 Fax: 91 (20) 2581 3208, 2581 0209

Email: [investor@kfil.com](mailto:investor@kfil.com) Website: [www.kfil.com](http://www.kfil.com)

CIN - L27101PN1991PLC063223