



Enriching Lives

# KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2015 - 2016



Strengthened with capabilities.

Poised for growth.

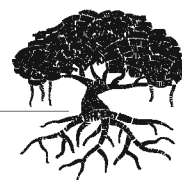


With a century-old expertise at the helm, Kirloskar has successfully transformed deep-rooted wisdom into critical engineering solutions that have enriched lives worldwide.

Our indigenous products symbolise our engineering excellence and capabilities. Understanding of rural markets and a strong presence at grassroots level enable us explore new territories. Our 'under one roof' manufacturing gives us a competitive edge and the pride of 'Making in India' urges us to raise the bar for global engineering.

We are Kirloskar and we are poised for growth like never before!





Annual Report for the year ended on 31 March 2016

### BOARD OF DIRECTORS

Mr. Atul C. Kirloskar	(DIN 00007387)	Chairman
Ms. Aditi V. Chirmule	(DIN 01138984)	Executive Director
Mr. Vijay K. Bajhal	(DIN 00531315)	Director
Mr. Nihal G. Kulkarni	(DIN 01139147)	Director
Mr. Shrikrishna N. Inamdar	(DIN 00025180)	Director
Mr. Anil N. Alawani	(DIN 00036153)	Director
Mrs. Priyamvada A. Ranade	(DIN 06926401)	Director
Mr. Tejas P. Deshpande	(DIN 01942507)	Director
Mr. Mahesh R. Chhabria	(DIN 00166049)	Additional Independent Director (co-opted w.e.f. 24 May 2016)

### COMPANY SECRETARY

Mrs. Ashwini V. Mali

### CHIEF FINANCIAL OFFICER

Mrs. Jasvandi M. Deosthale

### STATUTORY AUDITORS

G. D. Apte & Co., Chartered Accountants

### BANKERS

HDFC Bank Limited

### REGISTRAR AND SHARE TRANSFER AGENT

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

### REGISTERED OFFICE

13/A, Karve Road, Kothrud, Pune 411 038  
 Tel.: +91 (20) 2545 2721  
 Fax: +91 (20) 2545 4723  
 E mail: investorrelations@kirloskar.com  
 Website: www.kil.net.in  
 CIN : L29112PN1978PLC088972

### LOCATION OF WINDMILLS

Tirade Village, Tal. - Akole, Dist. - Ahmednagar

### INFORMATION FOR SHAREHOLDERS

Annual General Meeting	
Day and Date	: Thursday, 11 August 2016
Time	: 11.30 a.m.
Venue	: S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030
Date of Book Closure	: 9 August 2016 to 11 August 2016 (both days inclusive)

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## Decade at a glance

(₹ in Millions)

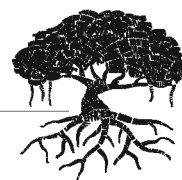
Sr. No.	Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10*	2008 -09	2007-08	2006-07
1	Net Sales	48	34	134	131	138	41	47	21,100	21,564	18,830
2	Profit Before Tax	684	543	541	430	692	602	422	1,805	1,874	2,395
3	Profit After Tax	603	451	467	361	675	553	387	1,159	1,190	1,784
4	Dividend Amount	****1,942	1,942	39	39	39	24	***291	194	388	388
5	Dividend (%)	****200	200	40	40	40	25	***75	50	100	200
6	Earning Per Share (₹)**	62	46	48	37	69	57	40	6	6	18
7	Book Value Per Share (₹)**	753	713	689	645	612	548	493	49	47	88
8	Share Capital	97	97	97	97	97	97	97	388	388	194
9	Reserves and Surplus	7,213	6,826	6,594	6,160	5,844	5,215	4,689	9,212	8,762	8,319
10	Shareholders' Funds	7,310	6,923	6,691	6,257	5,941	5,312	4,786	9,601	9,150	8,513
11	Loan Funds	-	-	-	-	-	-	-	3,490	3,429	1,063
12	Total Capital Employed	7,310	6,923	6,691	6,257	5,941	5,312	4,786	13,091	12,579	9,577
13	Gross Block	402	402	401	441	442	439	431	9,924	9,213	5,305
14	Net Block	122	130	142	205	237	265	288	6,730	7,109	3,322
15	Net Current Assets	490	835	678	792	560	581	299	1,959	1,003	1,245

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

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

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

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



## Directors' Report for Financial Year 2015-16

To The Members,

The Directors have pleasure in presenting 22<sup>nd</sup> Annual Report with the Audited Annual Accounts of the Company for the year ending 31 March 2016.

### I. FINANCIAL PERFORMANCE:

Particulars	(₹ in Lakhs)	
	2015-16	2014-15
Total Income	7,669.93	6,247.79
Total Expenditure	832.11	818.98
Profit before exceptional items and taxation	6,837.82	5,428.81
Profit before taxation	6,837.82	5,428.81
Provision for tax (including Deferred Tax)	812.81	915.77
Net Profit	6,025.01	4,513.04
Balance of Profit / (Loss) from previous year	36,000.59	30,674.33
Less: Depreciation	Nil	35.22
Add: Transfer from Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934	Nil	3,004.73
Surplus available for appropriation	42,025.60	38,156.88

### APPROPRIATIONS:

Your Directors propose to appropriate the available surplus as follows:

Particulars		
Proposed Dividend	Nil	1,941.73
Interim Dividend	1,941.73	Nil
Tax on Proposed Dividend	Nil	214.56
Tax on Interim Dividend	216.63	Nil
Balance carried to Balance Sheet	39,867.24	36,000.59

### II. DIVIDEND:

Interim Dividend of 200% (₹ 20 per equity share of ₹ 10 each) was paid in the month of March 2016. Your Directors do not recommend Final Dividend for the year 2015-16 (Total dividend paid in the previous year was 200%).

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

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

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#### **IV. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

##### **A. OPERATIONS OF THE COMPANY:**

###### **WINDMILLS:**

The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Megawatt (MW). The windmills are located at Tirade Village, Tal.-Akole, Dist. -Ahmednagar. The windmills have generated net wind energy of 89.93 Lakh units of electricity in the year under review as against 80.89 Lakh units of electricity in the previous year showing increase of 9.04% over the previous year.

The Company is required to apply for Open Access Permission to Maharashtra State Electricity Distribution Company Limited (MSEDCL) every financial year. The Company had applied for Open Access Permission to MSEDCL for the period from 1 April 2015 to 31 March 2018, well in time. MSEDCL, in response to the application made for No Objection Certificate (NOC) for Open Access, informed the Company, that the approval for sale of wind power under Open Access shall be granted with effect from the date of certain compliances by the Open Access Consumer. Pending such compliances, revenue from sale of wind power for the period from 1 April 2015 to 30 June 2015, has been accounted for at the rate at which MSEDCL shall purchase the wind power from the Open Access Generator.

The Company has received Open Access Permission from 1 July 2015 to 31 October 2018.

All the seven windmills are registered with the National Load Dispatch Centre (NLDC) and are eligible for the Renewable Energy Certificates (RECs). During the year, the Company has sold 3,243 RECs as against 3,000 RECs in the previous year. This has resulted in revenue of ₹ 49 Lakhs (previous year ₹ 45 Lakhs) during the year. The Company is having 9,593 RECs as on 31 March 2016.

###### **OTHERS:**

The Company owns lands and buildings thereon and apartments and offices in Pune, Bangalore, New Delhi and Jaipur. The Company has granted most of these lands and buildings and offices on lease and license basis to group and other companies.

During the year under review, your Company made investments of ₹ 8,942 Lakhs in equity shares of Kirloskar Oil Engines Limited (KOEL). Pursuant to the said investment, the Company's holding in KOEL has increased to 5.68% as on 31 March 2016.

##### **B. COMPANY PERFORMANCE:**

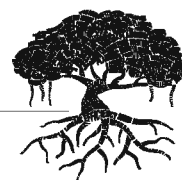
During the year under review, your Company earned an income of ₹ 7,670 Lakhs (previous year ₹ 6,248 Lakhs).

In the year under review, the Company received dividend of ₹ 2,034 Lakhs declared by the investee companies for the Financial Year 2014-15. The Company also received interim dividend of ₹ 1,471 Lakhs declared by some of the investee companies in the year 2015-16, which their respective Boards have considered as final dividend.

The Profit Before Tax is at ₹ 6,838 Lakhs (previous year ₹ 5,429 Lakhs) after providing for depreciation of ₹ 89 Lakhs (previous year ₹ 92 Lakhs).

##### **C. HUMAN RESOURCES:**

As on 31 March 2016, the Company has 8 employees on its roll, including the Executive Director.

**D. CONCERNS AND THREATS:**

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

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

**E. PROSPECTS:**

Wind energy generation is largely dependent on natural factors such as velocity of wind, continuity of the flow, etc. and are unpredictable and beyond control. The business is also largely impacted adversely by frequent and erratic changes made by the MSEDCL in the open access policies. However, the Company has the Open Access Permission up to October 2018. The Company's windmill project continues to be registered under the Renewable Energy Certificates (RECs) Mechanism, which entitles the Company to RECs benefits. The market for RECs continues to be sluggish and this trend is expected to continue through the current Financial Year.

**F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

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

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

**G. 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 might differ materially from those either expressed or implied.

**H. SEBI REGULATIONS AND LISTING FEES:**

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

**I. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS:**

As on 31 March 2016, the Company has one subsidiary i.e., Kirloskar Ferrous Industries Limited (KFIL).

The Board presents Audited Consolidated Financial Statements incorporating the duly Audited Financial Statements of KFIL and as prepared in compliance with the applicable Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations).

Pursuant to Rule 5 of the Companies (Accounts) Rules, 2014, the Statement containing the salient feature of the Financial Statement of a Company's subsidiary and associate companies under the first proviso to Sub-Section (3) of Section 129 of the Companies Act, 2013, (the Act), in Form AOC – 1 is required to be enclosed to the Financial Statements.

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

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

#### **BRIEF HIGHLIGHTS OF BUSINESSES OF SUBSIDIARY COMPANY:**

##### **KIRLOSKAR FERROUS INDUSTRIES LIMITED (KFIL):**

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

Interim Dividend of 25% (₹ 1.25 per equity share of ₹ 5 each) was paid on 29 March 2016.

No additional dividend is being proposed and Interim Dividend declared shall be the Final Dividend.

KFIL achieved net sales of ₹ 1,11,390 Lakhs (previous year ₹ 1,36,509 Lakhs).

The Profit Before Tax (PBT) for the year under review stood at ₹ 8,522 Lakhs, as compared to ₹ 7,184 Lakhs of previous year after providing for depreciation and amortisation. Also the Profit After Tax (PAT) for the year under review stood at ₹ 5,773 Lakhs, as compared to ₹ 4,928 Lakhs of the previous year.

KFIL sold 2,89,485 MT of Pig Iron valued at ₹ 62,312 Lakhs during the Financial Year 2015-16, as compared to 3,18,023 MT of Pig Iron valued at ₹ 84,366 Lakhs in the previous year.

The slowdown in tractor industry has impacted the demand for castings. However, KFIL managed to maintain sales on the strength of its 'strategic planning'.

KFIL sold 56,661 MT castings aggregating to ₹ 46,067 Lakhs during the Financial Year 2015-16, as compared to 57,257 MT castings aggregating to ₹ 47,446 Lakhs in the previous year.

KFIL succeeded to keep the cost of production under check through good procurement policy and continuous cost reduction drive.

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

##### **1. EXTRACT OF ANNUAL RETURN:**

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

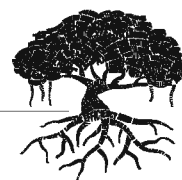
##### **2. NUMBER OF MEETINGS OF THE BOARD:**

During the year under review, six Board Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

##### **3. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirements under Section 134 (5) of the Companies Act, 2013, in respect of Directors'





Responsibility Statement, your Directors' state that:

- a) in the preparation of the Annual Financial Statements for the year ended 31 March 2016, the applicable accounting standards have been followed and there were no material departures;
- b) accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been selected and applied consistently. Further, judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2016 and of the Profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Annual Financial Statements have been prepared on a going concern basis;
- e) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### **4. A STATEMENT ON DECLARATION GIVEN BY THE INDEPENDENT DIRECTORS:**

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

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

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel and their remuneration. The policy is annexed as '**Annexure II**' to this Report.

#### **6. AUDITORS:**

##### **a. Statutory Auditors:**

G. D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W), Pune, are proposed to be re-appointed as Statutory Auditors of the Company, to hold the office for a second term of five years from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting of the Company, to be held in the year 2021, subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting of the Company.

The requisite certificate as per Section 139 of the Companies Act, 2013, has been received by the Company.

##### **b. Cost Auditors:**

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company is neither required to maintain cost records relating to Electricity Industry (Windmills) for the Financial Year 2015-16, in Form (CRA-1) nor is required to get the records audited.

##### **c. Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Mahesh J. Risbud, Practising Company Secretary (FCS 810 CP 185) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as '**Annexure III**' to this Report.

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

There are no qualifications, reservations or adverse remarks or disclaimers made by G. D. Apte & Co., Statutory Auditors, in their Audit Report and by Mr. Mahesh J. Risbud, Practicing Company Secretary, in his Secretarial Audit Report.

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

Your Company has not granted any loan or guarantee.

During the year under review, the Company has invested of ₹ 8,942 Lakhs in equity capital of Kirloskar Oil Engines Limited (KOEL).

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

Pursuant to the provisions of Section 134 of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business. Hence, no particulars are being provided in Form AOC-2. Related Party disclosures as per the Accounting Standard 18 have been provided in Note 30 to the Financial Statements.

**10. STATE OF COMPANY'S AFFAIRS:**

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

**11. AMOUNTS PROPOSED TO BE CARRIED TO RESERVES:**

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

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

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

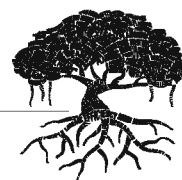
**13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**A. Conservation of Energy and Technology Absorption:**

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

**B. Foreign exchange earnings and outgo:**

Sr. No.	Particulars	Amount (In ₹ Lakhs)
i)	Foreign Exchange earned in terms of actual inflows during the year	8.30
ii)	Foreign Exchange outgo during the year in terms of actual outflows	-



**14. RISK MANAGEMENT POLICY:**

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

**15. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The details about CSR Policy and initiatives taken by the Company during the year is annexed as 'Annexure IV' to this Report.

**16. BOARD EVALUATION:**

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

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

Name and Registered Office of the Subsidiary Company	% Holding	Particulars	Amount (₹ in Lakhs)
Kirloskar Ferrous Industries Limited, 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003	51.43	Total Income	111,617.82
		Total Expenditure	103,095.25
		Profit before exceptional items and taxation	8,522.57
		Profit before taxation	8,522.57
		Provision for tax (including Deferred Tax)	2,749.13
		Net Profit	5,773.44
		Balance of Profit / (Loss) from previous year	15,754.23
		Less: Interim Dividend	1,716.35
		Less: Dividend Distribution Tax	357.13
		Less: Transfer to General Reserve	500.00
Balance carried to Balance Sheet	18,954.19		

Name and Registered Office of the Associate Company	% Holding	Particulars	Amount (₹ in Lakhs)
Kirloskar Brothers Limited, Udyog Bhavan, Tilak Road, Pune 411 030	23.91	Total Income	1,68,034.74
		Total Expenditure	1,63,670.77
		Profit before exceptional items, finance cost and taxation	4,363.97
		Finance Cost	3,722.43
		Profit before taxation	641.54
		Provision for tax (including Deferred Tax)	(539.16)
		Net Profit	1,180.70
		Balance of Profit / (Loss) from previous year	Not available
		Less: Proposed Dividend	Not available
		Less: Dividend Distribution Tax	Not available
Balance carried to Balance Sheet	Not available		

**Note:** The Company does not have significant influence on Kirloskar Brothers Limited (KBL) as it does not participate in the management and / or financial decisions of KBL. As such KBL is not an Associate Company of the Company under the Accounting Standard 18 and as such, its financials are not included in the Consolidated Financial Statements of the Company. Hence, the aforesaid information is obtained from the quarter and year ended financial results of KBL approved by its Board on 10 May 2016 and published on 11 May 2016.

<b>Name and Registered Office of the Associate Company</b>	Kothrud Power Equipment Limited 13/A, Karve Road, Kothrud, Pune 411 038
<b>% Holding</b>	50

**Note:** The Consolidated Financial Statements do not include the financials of Kothrud Power Equipment Limited. Refer Note 33 of the Consolidated Financial Statements of the Company for the Financial Year 2015-16. In view of this, the financial information as required hereinabove is not given.

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

During the Financial Year under review, there has been no change in the nature of business.

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

**Directors appointed / re-appointed during the year**

<b>Name of Director</b>	<b>Designation</b>	<b>Terms of appointment</b>
Mr. Tejas P. Deshpande *	Independent Director	Five consecutive years commencing from 28 August 2015 up to 27 August 2020
Mr. Nihal G. Kulkarni **	Director	Re-appointed with effect from 28 August 2015, subject to retirement by rotation

\* Mr. Tejas P. Deshpande was co-opted as an Additional Director on 19 May 2015 and was appointed in the Annual General Meeting held on 28 August 2015.

\*\* Mr. Nihal G. Kulkarni retired by rotation and was re-appointed in the Annual General Meeting held on 28 August 2015.

**Key Managerial Personnel (KMP) appointed during the year**

There was no change in the KMP during the Financial Year 2015-16.

**20. DIRECTORS AND KEY MANAGERIAL PERSONNEL RESIGNED DURING THE YEAR 2015-16:**

None.

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

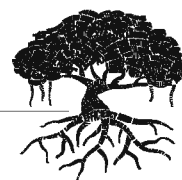
The Board of Directors, in its meeting held on 24 May 2016, co-opted Mr. Mahesh R. Chhabria, as an Additional Independent Director, as recommended by the Nomination and Remuneration Committee of the Company. He holds office of Director up to the date of ensuing Annual General Meeting of the Company.

Mr. Anil N. Alawani, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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

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

None.

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

None.

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

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

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

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

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

**26. COMPOSITION OF AUDIT COMMITTEE:**

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

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

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

**VII. VIGIL MECHANISM:**

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

**VIII. PREVENTION OF SEXUAL HARASSMENT POLICY:**

The Company has formulated and implemented the Policy for Prevention of Sexual Harassment at work place. This would, *inter alia*, provide a mechanism for the resolution, settlements or prosecution of acts or instances of sexual harassment at work place 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.

**IX. CASH FLOW:**

A Cash Flow Statement for the year ended 31 March 2016, is attached to the Balance Sheet as a part of the Financial Statements.

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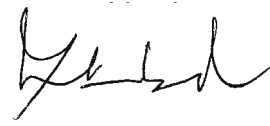
**X. CORPORATE GOVERNANCE:**

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

**ACKNOWLEDGEMENTS:**

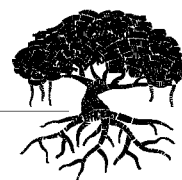
Your Directors would like to place on record their appreciation of the contribution made and support provided to the Company by the shareholders, employees and bankers, during the year under report.

For and on behalf of the Board of Directors



**ATUL C. KIRLOSKAR**  
**CHAIRMAN**  
DIN 00007387

Pune: 24 May 2016



## ANNEXURE I TO THE DIRECTORS' REPORT

### FORM NO. MGT - 9

### EXTRACT OF ANNUAL RETURN

### AS AT FINANCIAL YEAR ENDED 31 MARCH 2016

[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	L29112PN1978PLC088972
ii	Registration Date	13 June 1978
iii	Name of the Company	Kirloskar Industries Limited
iv	Category / Sub-Category of the Company	Company limited by shares
v	Address of the Registered Office and contact details	13/A, Karve Road, Kothrud, Pune 411 038 Tel.: +91(20) 2545 2721 Fax: +91(20) 2545 4723 E mail: investorrelations@kirloskar.com Website: www.kil.net.in
vi	Whether listed company	Yes
vii	Name, address and contact details of the Registrar and Share Transfer Agent, if any	Link Intime India Private Limited 'Akshay' Complex, Block No. 202, 2 <sup>nd</sup> Floor, Near Ganesh Temple, Off. Dhole Patil Road, Pune 411 001 Tel.: +91(20) 2616 1629 / 2616 0084 Fax: +91(20) 2616 3503 E mail: pune@linkintime.co.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and description of main products / services	NIC code of the product / service	% to total turnover of the Company
1.	Windmill	400	100%

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

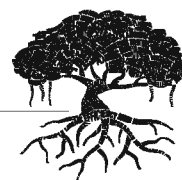
Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Kirloskar Ferrous Industries Limited 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003	L27101PN1991PLC063223	Subsidiary	51.43	2(87)(ii)
2.	Kothrud Power Equipment Limited 13A, Karve Road, Kothrud, Pune 411 038	U34107PN1998PLC113623	Associate	50.00	2(6)
3.	Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune 411 002	L29113PN1920PLC000670	Associate	23.91	2(6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a. Individual / Hindu Undivided Family	70,51,534	Nil	70,51,534	72.63	70,51,534	Nil	70,51,534	72.63	Nil
b. Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Bodies Corporates	500	Nil	500	0.01	500	Nil	500	0.01	Nil
e. Bank / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f. Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A) (1) :-</b>	<b>70,52,034</b>	<b>Nil</b>	<b>70,52,034</b>	<b>72.64</b>	<b>70,52,034</b>	<b>Nil</b>	<b>70,52,034</b>	<b>72.64</b>	<b>Nil</b>
<b>(2) Foreign</b>									
a. Non Resident Indians – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. Bodies Corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Banks / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A) (2):-</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total Shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>70,52,034</b>	<b>Nil</b>	<b>70,52,034</b>	<b>72.64</b>	<b>70,52,034</b>	<b>Nil</b>	<b>70,52,034</b>	<b>72.64</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a. Mutual Funds	137	2,812	2,949	0.03	137	2,812	2,949	0.03	Nil
b. Banks / Financial Institutions	3,35,862	4,216	3,40,078	3.50	3,33,519	4,216	3,37,735	3.48	(0.02)
c. Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f. Insurance Companies	1,18,176	Nil	1,18,176	1.22	1,18,176	Nil	1,18,176	1.22	Nil





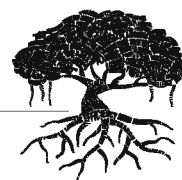
Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g. Foreign Institutional Investors	9,43,466	450	9,43,916	9.72	9,43,466	450	9,43,916	9.72	Nil
h. Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i. Others (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B) (1) :-</b>	<b>13,97,641</b>	<b>7,478</b>	<b>14,05,119</b>	<b>14.47</b>	<b>13,95,298</b>	<b>7,478</b>	<b>14,02,776</b>	<b>14.45</b>	<b>(0.02)</b>
<b>2. Non – Institutions</b>									
<b>a. Body Corporates</b>									
i. Indian	68,424	1,444	69,868	0.72	62,116	1,444	63,560	0.65	(0.07)
ii. Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>a. Individuals</b>									
i. Individual shareholders holding nominal share capital up to ₹ 1 Lakh	7,97,860	2,07,043	10,04,903	10.35	7,91,680	1,97,104	9,88,784	10.18	(0.17)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	1,44,806	Nil	1,44,806	1.49	1,60,861	Nil	1,60,861	1.66	0.17
<b>b. Others (Specify)</b>									
i. Clearing members	16,394	Nil	16,394	0.17	20,886	Nil	20,886	0.22	0.05
ii. NRI (Repatriate)	5,610	3,101	8,711	0.09	6,938	3,101	10,039	0.10	0.01
iii. NRI (Non –Repatriate)	6,063	Nil	6,063	0.06	8,683	Nil	8,683	0.09	0.03
iv. Trusts	721	Nil	721	0.01	571	Nil	571	0.01	Nil
v. Foreign Nationals	Nil	Nil	Nil	Nil	425	Nil	425	0.00	0.00
<b>Sub-total (B) (2) :-</b>	<b>10,39,878</b>	<b>2,11,588</b>	<b>12,51,466</b>	<b>12.89</b>	<b>10,52,160</b>	<b>2,01,649</b>	<b>12,53,809</b>	<b>12.91</b>	<b>0.02</b>
<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>24,37,519</b>	<b>2,19,066</b>	<b>26,56,585</b>	<b>27.36</b>	<b>24,47,458</b>	<b>2,09,127</b>	<b>26,56,585</b>	<b>27.36</b>	<b>Nil</b>
<b>C. Shares held by custodian for GDRs and ADRs</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>94,89,553</b>	<b>2,19,066</b>	<b>97,08,619</b>	<b>100.00</b>	<b>94,99,492</b>	<b>2,09,127</b>	<b>97,08,619</b>	<b>100.00</b>	<b>Nil</b>

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1.	Mr. Atul C. Kirloskar	16,35,300	16.84	0.00	16,35,300	16.84	0.00	0.00
2.	Mr. Rahul C. Kirloskar	16,21,688	16.70	0.00	16,21,688	16.70	0.00	0.00
3.	Mr. Sanjay C. Kirloskar	2,626	0.03	0.00	2,626	0.03	0.00	0.00
4.	Mr. Vikram S. Kirloskar	4,632	0.05	0.00	4,632	0.05	0.00	0.00
5.	Mr. Gautam A. Kulkarni	16,30,358	16.79	0.00	16,30,358	16.79	0.00	0.00
6.	Pneumatic Holdings Limited	200	0.00	0.00	200	0.00	0.00	0.00
7.	Mrs. Minalini S. Kirloskar	5,856	0.06	0.00	5,856	0.06	0.00	0.00
8.	Mrs. Suman C. Kirloskar	3,558	0.04	0.00	3,558	0.04	0.00	0.00
9.	Mrs. Roopa J. Gupta	1,392	0.01	0.00	1,392	0.01	0.00	0.00
10.	Mrs. Geetanjali V. Kirloskar	2	0.00	0.00	2	0.00	0.00	0.00
11.	Mrs. Neeta A. Kulkarni *	28	0.00	0.00	28	0.00	0.00	0.00
12.	Mrs. Jyotsna G. Kulkarni	7,26,798	7.49	0.00	7,26,798	7.49	0.00	0.00
13.	Mrs. Arti A. Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	0.00
14.	Mrs. Alpana R. Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	0.00
15.	Navsai Investments Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
16.	Alpak Investments Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
17.	Achyut & Neeta Holdings & Finance Private Limited	100	0.00	0.00	100	0.00	0.00	0.00

\* Expired on 15 March 2016.

**Note:** In case of joint holdings, the name of first holder is considered.

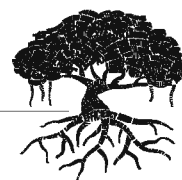

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

There was no change in the shareholding of promoters during the period from 1 April 2015 to 31 March 2016.

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

Sr. No.	For each of the top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1</b>	<b>India Capital Fund Limited</b>					
	At the beginning of the year (01.04.2015)		9,43,439	9.72		
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2016)				9,43,439	9.72
<b>2</b>	<b>The Oriental Insurance Company Limited</b>					
	At the beginning of the year (01.04.2015)		1,45,485	1.50		
	Decrease as on 14.08.2015	Transfer	1,733	0.02	1,43,752	1.48
	At the end of the year (31.03.2016)				1,43,752	1.48
<b>3</b>	<b>The New India Assurance Company Limited</b>					
	At the beginning of the year (01.04.2015)		1,33,813	1.38		
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2016)				1,33,813	1.38
<b>4</b>	<b>General Insurance Corporation of India</b>					
	At the beginning of the year (01.04.2015)		1,18,176	1.22		
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2016)				1,18,176	1.22
<b>5</b>	<b>Jagdish Amritlal Shah jointly with Shaunak Jagdish Shah and Jagruti Shaunak Shah</b>					
	At the beginning of the year (01.04.2015)		58,988	0.61		
	Decrease as on 31.07.2015	Transfer	1,825	0.02	57,163	0.59
	Decrease as on 07.08.2015	Transfer	5,118	0.05	52,045	0.54
	Decrease as on 14.08.2015	Transfer	130	0.01	51,915	0.53
	At the end of the year (31.03.2016)				51,915	0.53

Sr. No.	For each of the top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>6</b>	<b>National Insurance Company Limited</b>					
	At the beginning of the year (01.04.2015)		55,862	0.58		
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2016)				55,862	0.58
<b>7</b>	<b>Anil Kumar Goel</b>					
	At the beginning of the year (01.04.2015)		46,400	0.48		
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2016)				46,400	0.48
<b>8</b>	<b>Jainam Share Consultants Private Limited</b>					
	At the beginning of the year (01.04.2015)		15,054	0.16		
	Increase as on 10.04.2015	Transfer	3	0.00	15,057	0.16
	Decrease as on 17.04.2015	Transfer	4	0.00	15,053	0.16
	Decrease as on 24.04.2015	Transfer	4	0.00	15,049	0.16
	Increase as on 01.05.2015	Transfer	28	0.00	15,077	0.16
	Increase as on 08.05.2015	Transfer	4	0.00	15,081	0.16
	Decrease as on 15.05.2015	Transfer	8	0.00	15,073	0.16
	Increase as on 22.05.2015	Transfer	11	0.00	15,084	0.16
	Decrease as on 29.05.2015	Transfer	18	0.00	15,066	0.16
	Decrease as on 05.06.2015	Transfer	10	0.00	15,056	0.16
	Increase as on 12.06.2015	Transfer	9	0.00	15,065	0.16
	Decrease as on 19.06.2015	Transfer	9	0.00	15,056	0.16
	Decrease as on 26.06.2015	Transfer	2,238	0.03	12,818	0.13
	Decrease as on 10.07.2015	Transfer	119	0.00	12,699	0.13
	Decrease as on 17.07.2015	Transfer	38	0.00	12,661	0.13
	Decrease as on 24.07.2015	Transfer	39	0.00	12,622	0.13
	Increase as on 31.07.2015	Transfer	127	0.00	12,749	0.13
	Increase as on 07.08.2015	Transfer	37	0.00	12,786	0.13
	Increase as on 14.08.2015	Transfer	73	0.00	12,859	0.13
	Decrease as on 20.08.2015	Transfer	47	0.00	12,812	0.13
	Increase as on 21.08.2015	Transfer	3	0.00	12,815	0.13
	Decrease as on 28.08.2015	Transfer	10	0.00	12,805	0.13
	Increase as on 04.09.2015	Transfer	3	0.00	12,808	0.13
	Decrease as on 11.09.2015	Transfer	41	0.00	12,767	0.13
	Increase as on 18.09.2015	Transfer	25	0.00	12,792	0.13
	Increase as on 25.09.2015	Transfer	2	0.00	12,794	0.13
	Decrease as on 30.09.2015	Transfer	62	0.00	12,732	0.13



Sr. No.	For each of the top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>8</b>	<b>Jainam Share Consultants Private Limited</b>					
	Decrease as on 09.10.2015	Transfer	34	0.00	12,698	0.13
	Increase as on 16.10.2015	Transfer	64	0.00	12,762	0.13
	Increase as on 23.10.2015	Transfer	114	0.00	12,876	0.13
	Increase as on 30.10.2015	Transfer	100	0.00	12,976	0.13
	Increase as on 13.11.2015	Transfer	21	0.00	12,997	0.13
	Increase as on 20.11.2015	Transfer	88	0.00	13,085	0.13
	Decrease as on 27.11.2015	Transfer	35	0.00	13,050	0.13
	Increase as on 04.12.2015	Transfer	759	0.01	13,809	0.14
	Decrease as on 11.12.2015	Transfer	1,474	0.01	12,335	0.13
	Increase as on 18.12.2015	Transfer	245	0.00	12,580	0.13
	Increase as on 25.12.2015	Transfer	5	0.00	12,585	0.13
	Increase as on 08.01.2016	Transfer	20	0.00	12,605	0.13
	Decrease as on 15.01.2016	Transfer	73	0.00	12,532	0.13
	Increase as on 22.01.2016	Transfer	45	0.00	12,577	0.13
	Increase as on 29.01.2016	Transfer	10	0.00	12,587	0.13
	Decrease as on 05.02.2016	Transfer	5	0.00	12,582	0.13
	Decrease as on 12.02.2016	Transfer	400	0.00	12,182	0.13
	Decrease as on 19.02.2016	Transfer	35	0.00	12,147	0.13
	Increase as on 26.02.2016	Transfer	40	0.00	12,187	0.13
	Decrease as on 04.03.2016	Transfer	2	0.00	12,185	0.13
	Increase as on 11.03.2016	Transfer	34	0.00	12,219	0.13
	Increase as on 18.03.2016	Transfer	490	0.00	12,709	0.13
	Decrease as on 22.03.2016	Transfer	20	0.00	12,689	0.13
	Increase as on 25.03.2016	Transfer	15	0.00	12,704	0.13
	Increase as on 31.03.2016	Transfer	363	0.00	13,067	0.13
	At the end of the year (31.03.2016)				13,067	0.13
<b>9</b>	<b>Seema Goel</b>					
	At the beginning of the year (01.04.2015)		15,000	0.15		
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2016)				15,000	0.15
<b>10</b>	<b>Arun Nahar</b>					
	At the beginning of the year (01.04.2015)		13,954	0.14		
	Increase as on 31.03.2016	Transfer	2,564	0.03	16,518	0.17
	At the end of the year (31.03.2016)				16,518	0.17

**Notes:**

- a. In cases of joint holding, the name of the first holder is considered.
- b. The shareholding details given above are based on the legal ownership and not beneficial ownership and are derived on the folio number listing provided by the Registrar and Share Transfer Agent of the Company.

**(v) Shareholding of Directors and Key Managerial Personnel:****Shareholding of Directors:**

Sr. No.	For each of the Directors	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Atul C. Kirloskar, Chairman	16,35,300	16.84	16,35,300	16.84
2.	Ms. Aditi V. Chirmule, Executive Director	Nil	Nil	Nil	Nil
3.	Mr. Nihal G. Kulkarni	Nil	Nil	Nil	Nil
4.	Mr. Shrikrishna N. Inamdar	1,432	0.01	1,432	0.01
5.	Mr. Vijay K. Bajhal	Nil	Nil	Nil	Nil
6.	Mr. Anil N. Alawani	2,285	0.02	2,285	0.02
7.	Mrs. Priyamvada A. Ranade	Nil	Nil	Nil	Nil
8.	Mr. Tejas P. Deshpande*	NA	NA	Nil	Nil

\* Appointed as a Director of the Company with effect from 19 May 2015 and subsequently, has been appointed as an Independent Director by the members at the Annual General Meeting held on 28 August 2015.

**Notes:**

1. There are no purchases or sales of shares by Directors during the year.
2. NA represents Not Applicable.

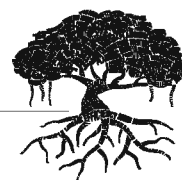
**Shareholding of Key Managerial Personnel (KMP):**

Sr. No.	For each of the KMP	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Ms. Aditi V. Chirmule, Executive Director	Nil	Nil	Nil	Nil
2.	Mrs. Jasvandi M. Deosthale, Chief Financial Officer	Nil	Nil	Nil	Nil
3.	Mrs. Ashwini V. Mali, Company Secretary	Nil	Nil	Nil	Nil

**v. INDEBTEDNESS:**

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

None.


**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**
**A. REMUNERATION OF MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND / OR MANAGER:**

Sr. No.	Particulars of Remuneration	Name of Managing Director / Whole-Time Director / Manager
		Ms. Aditi V. Chirmule – Executive Director
1.	Gross Salary	Amount in (₹)
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	29,89,500
	b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	21,600
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission - as % of profit - others, specify .....	15,00,000
5.	Others, please specify	Nil
	<b>Total (A)</b>	<b>45,11,100</b>
	<b>Ceiling as per the Companies Act, 2013</b>	<b>3,03,18,091</b>

**B. REMUNERATION TO OTHER DIRECTORS:**

Sr. No.	Particulars of Remuneration	Name of Director				Total Amount in (₹)
		Mr. Vijay K. Bajhal	Mr. Shrikrishna N. Inamdar	Mrs. Priyamvada A. Ranade	Mr. Tejas P. Deshpande	
1.	<b>Independent Directors</b>					
	• Fee for attending board / committee meetings	90,000	1,20,000	1,00,000	90,000	4,00,000
	• Commission	1,60,000	2,20,000	1,40,000	1,40,000	6,60,000
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>2,50,000</b>	<b>3,40,000</b>	<b>2,40,000</b>	<b>2,30,000</b>	<b>10,60,000</b>
2.	<b>Other Non-Executive Directors</b>	Mr. Atul C. Kirloskar	Mr. Nihal G. Kulkarni	Mr. Anil N. Alawani		<b>Total Amount</b>
	• Fee for attending board / committee meetings	70,000	90,000	1,50,000		3,10,000
	• Commission	1,40,000	1,00,000	5,00,000		7,40,000
	• Others, please specify	Nil	Nil	Nil		Nil
	<b>Total (2)</b>	<b>2,10,000</b>	<b>1,90,000</b>	<b>6,50,000</b>		<b>10,50,000</b>
	<b>Total (B) = (1 + 2)</b>					<b>21,10,000</b>
	<b>Total Managerial Remuneration</b>					<b>21,10,000</b>
	<b>Overall ceiling as per the Companies Act, 2013</b>					<b>67,92,374</b>

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

<b>Sr. No.</b>	<b>Particulars of Remuneration</b>	<b>Mrs. Ashwini V. Mali, Company Secretary</b>	<b>Mrs. Jasvandi M. Deosthale, Chief Financial Officer</b>	<b>Total Amount in (₹)</b>
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	8,05,574	16,51,092	24,56,666
	b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	Nil	Nil	Nil
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify .....	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	<b>Total</b>	<b>8,05,574</b>	<b>16,51,092</b>	<b>24,56,666</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

- 1. Company: None**
- 2. Directors: None**
- 3. Other Officers in Default: None**

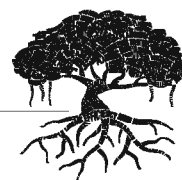
For and on behalf of the Board of Directors

sd/-

**ATUL C. KIRLOSKAR**  
**CHAIRMAN**  
DIN 00007387

Pune: 24 May 2016





## **ANNEXURE II TO THE DIRECTORS' REPORT**

### **THE NOMINATION AND REMUNERATION POLICY**

**(As recommended by the Nomination and Remuneration Committee and approved by the Board)**

#### **I. PHILOSOPHY:**

The Company strongly believes that the system of Corporate Governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling the consistently high standard of Corporate Governance in all facets of the Company's operations.

The Company is committed to provide employment to all eligible applicants on the principles of equality without any discrimination.

The employees have to strictly follow code of ethics and the management practices a zero tolerance for the same.

#### **II. OBJECTIVE:**

- To strike the right balance in the composition of the Board of Directors by ensuring experts from different spectrum of the existing and / or future business environment are co-opted on the Board to help the Company achieve its objectives, aspirations and growth potential.
- To implement a transparent process of determining remuneration at Board and Senior Management level of the Company that would strengthen confidence of stakeholders in the Company and its management and help in creation of long - term value for them.
- To strike appropriate balance between the elements comprising the remuneration so as to attract and retain potential high performing candidates for critical position in the Company for attaining continual growth in business.
- To ensure a direct relationship with the Key Result Areas and individual achievements considering short as well as long term performance objectives appropriate to the working of the Company and its goals.

#### **III. COVERAGE:**

##### **A. Policy on Board Diversity and Term of Appointment of Independent Directors:**

The Board of Directors shall comprise of persons who have expertise in the areas of business that the Company operates in and of such persons having expertise to help the Company to diversify its business at the appropriate times.

The Nomination and Remuneration Committee of the Board shall recommend persons with the requisite expertise to the Board of Directors for co-option on the Board, at its discretion.

The Independent Directors shall be appointed for two terms as follows:

- a. Existing or new Independent Directors below the age of 70, for one term of 5 consecutive years;
- b. Existing or new Independent Directors above the age of 70, for one term of such number of years as may be required for the said Independent Director to be 75 years of age;
- c. Existing Independent Directors between the age of 74 – 75 years, for one term of 2 consecutive years;

- 
- d. New Independent Directors not falling under a to c above, for the first term of 5 consecutive years and for a second term of five consecutive years, subject to the result of the evaluation of their performance and also subject to the approval of the shareholders in the general meeting.

**B. Guidelines of determining remuneration of:**

- i. Executive Directors
- ii. Non Executive Directors
- iii. Key Managerial Personnel
- iv. Senior Management Personnel

**IV. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL:**

**A. DIRECTORS**

**i. Executive Directors:**

The Board of Directors of the Company shall decide the remuneration of Executive Directors on the basis of recommendation from the Nomination and Remuneration Committee (N&RC) subject to the overall limits provided under the Companies Act, 2013 and Rules made thereunder, including any amendments, modifications and re-enactments thereto ('the Act') and in compliance with the provisions of the Regulations, including any amendments, modifications and re-enactments thereto, as applicable from time to time. The remuneration shall be approved by the shareholders of the Company, as and when required.

The Company shall enter into a contract with every Executive Director, which will set out the terms and conditions of the appointment. The contract shall be recommended by the N&RC, approved by the Board. The contract shall be maximum for such tenure as may be provided in the Act subject to such approvals as may be required.

The Board may vary any terms and conditions of the contract subject to such approvals, as may be required under the Act.

Every notice sent to the shareholder for seeking their approval for appointment / re-appointment / remuneration of the Executive Directors shall contain the gist of terms and conditions of the contract.

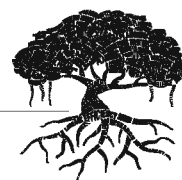
The remuneration components shall include *inter alia*:

**a. Fixed salary:**

Each Executive Director shall be paid fixed salary consisting of basic salary and such allowances and perquisites as may be decided by the Board, on the recommendation of the N&RC.

**OPTION 1:** The revision in the salary may be annually done and shall be determined by the Board as per the appraisal of the performance of each Executive Director by the Board, subject to overall limit approved by the shareholders.

**OPTION 2:** The salary shall remain fixed for the term of the Executive Director.



b. **Commission:**

The Board may approve payment of commission subject to the provisions of the Act. The amount of commission to be paid to each of the Executive Director(s), shall be as recommended by the N&RC on the basis of performance evaluation carried out in respect of such Executive Director(s) under Section 178 of the Act and the Regulations.

c. **Non-monetary benefits:**

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

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

d. **Stock options:**

Executive Directors except Promoter Directors may be granted stock options as may be approved by the Board, if they are eligible as per the existing or any scheme of stock options by the Company.

e. **Compensation for loss of office may be paid as may be approved by the Board subject to the provisions of Section 202 of the Act.**

f. **Separation / Retirement benefits:**

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

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961 or any amendment thereof;
- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed years of service and
- (c) Encashment of leave at the end of the tenure.

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

ii. **Non-Executive Directors:**

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

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

---

a. **Sitting fees :**

Sitting fees shall be paid for the Board and / or any Committee meetings attended by the Directors. Different amount of sitting fees may be paid for different types of meetings.

Sitting fees shall be over and above the limits prescribed in the Act for payment of remuneration but shall not exceed the amount as may be prescribed in the Rules for independent and non-independent directors.

The disclosure of the payment of sitting fees for all types of meetings shall be made in the Annual Report of the Company.

Committees shall include Audit Committee, Nomination and Remuneration Committee, Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee, Corporate Social Responsibility Committee or such other committees as may be constituted by the Board from time to time.

b. **Commission:**

The Board may approve payment of commission subject to the provisions of the Act. The amount of commission to be paid to each of the Non-Executive Director(s) shall be as recommended by the N&RC on the basis of performance evaluation carried out in respect of such Non-Executive Director(s) under Section 178 of the Act and pursuant to the provisions of the Regulations.

c. **Stock Options:**

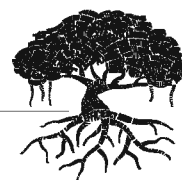
Independent Directors and Promoter Directors shall not be entitled for stock options of the Company.

N&RC may recommend issue of stock options to other Directors which may be granted by the Board subject to the compliance of the provisions of relevant laws.

d. **Professional fees:**

Non Independent Directors may be paid fees for services of professional nature, if in the opinion of the N&RC, the Director possesses the requisite qualification for the practice of the profession. The following professionals shall be deemed to be possessing requisite qualification and the N&RC is not required to give their opinion, if the Director is any of the following professional and renders his services to the Company in that capacity:

- (a) Journalist
- (b) Editor of a magazine but not the publisher or the proprietor
- (c) Man of letters writing numerous articles
- (d) Author
- (e) Engineer
- (f) Architect
- (g) Solicitor
- (h) Stock broker
- (i) Film actor



- (j) Optician
- (k) Commission Agent
- (l) Auctioneer, valuer or an estate agent
- (m) Chartered Accountant
- (n) Advocate

Such professional fees shall not be considered as remuneration for the purpose of Act.

**EXCESS REMUNERATION:**

The Board of Directors may decide to remunerate the Director(s) beyond the overall limits provided under the Act, subject to compliance of provisions in this regard including obtaining approval of Central Government, if required, owing to loss incurred by the Company or inadequacy of profits and situation entails providing such remuneration.

**WAIVING OF EXCESS REMUNERATION:**

Any remuneration or sitting fees paid, whether directly or indirectly, to any Director whether Executive or not beyond the limits prescribed under the Act and for which approval of the shareholders or Central Government is not obtained, if required to be obtained, the same shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

The Company shall not, in any case, waive the recovery of any such sum unless specific permission is obtained from Central Government for waiving such excess payment.

**B. KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL (SMP):**

Key Managerial Personnel (KMP) means Chief Executive Officer, Chief Financial Officer and Company Secretary.

The Company shall issue an appointment letter to every KMP and SMP to be signed by the reporting Executive Director. The letter shall detail the expectation from the role, remuneration package and other terms and conditions.

The remuneration components payable to KMP / SMP may be:

**a. Fixed salary:**

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

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

b. Variable pay:

Variable pay to every KMP shall be as per the responsibility of the position, organisation and individual performance.

The variable pay shall be payable at the end of financial year based on absolute and relative performance evaluation of the Company as well as individual. The weightage of the same will be decided by the N&RC in each case before the beginning of the each financial year.

c. Non-monetary benefits:

Non-monetary benefits to KMP / SMP may include club membership, company vehicle with driver, petrol reimbursement, vehicle maintenance, telephone, fax, internet at residence, reimbursement of mobile phone bill, fully furnished accommodation (in case of use of own residential property for accommodation, house rent allowance shall be paid), furnishings, reimbursement of house maintenance expenditure, reimbursement of gas, electricity bill, water and other utilities and repairs at residence, reimbursement of medical expenditure for self and family and leave travel assistance.

KMP may be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. as per Company policy.

d. Stock options:

To motivate executives to pursue long term growth and objectives of the Company, the Executive Directors may nominate KMP for receiving stock options on the basis of the eligibility criterion of any scheme of stock options declared by the Company.

e. Separation / Retirement benefits:

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

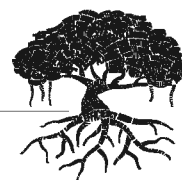
**DIRECTORS AND OFFICERS LIABILITY INSURANCE:**

The Company may take Directors and Officers liability insurance or such insurance of like nature for indemnifying any of the Directors or its KMP against any liability in respect of any negligence, default, misfeasance, breach of duty or trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of remuneration payable to such personnel. Provided that if such person is proved to be guilty, the premium paid shall be treated as part of remuneration.

**CONSULTANTS AND ADVISORS:**

The N&RC may take services of such consultants and advisors as may be required to assist in determination of optimum remuneration structure and evaluation of the same for the Company's Directors and senior management and shall have the authority to approve the fees payable to such consultants and advisors.

The N&RC shall have access to data of the Company relating to annual operating plan, management and leadership programs, employee survey, initiatives, operational reviews for purpose of undertaking



their terms of reference and providing such recommendations as are required under the policy and take such assistance from Executive Director as may be required for assessing the effectiveness and performance of any employee covered under the policy.

**AMENDMENT:**

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

**For and on behalf of the Board of Directors of  
Kirloskar Industries Limited**

sd/-

**Atul C. Kirloskar**

**Chairman**

DIN 00007387

**Pune: 25 November 2015**

## ANNEXURE III TO THE DIRECTORS' REPORT

### **M. J. RISBUD & CO.**

Company Secretaries

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

## SECRETARIAL AUDIT REPORT

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

For The Financial Year Ended 31<sup>st</sup> March, 2016

To,  
The Members of  
KIRLOSKAR INDUSTRIES LIMITED  
13/A, KARVE ROAD, KOTHRUD  
PUNE 411038

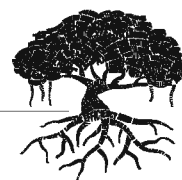
I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIRLOSKAR INDUSTRIES LIMITED**, hereinafter called the Company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 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, 1992 and SEBI (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; [No incidence during the audit period, hence not applicable]
  - (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 [notified w.e.f. 1st July, 2015].
- (ii) The existing Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (Listing Regulations), w.e.f. 1st December, 2015, entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

**I further report that,**

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except that the Board Meetings held on 28th August, 2015 and 10th March, 2016 were convened at a shorter notice in compliance with the provisions of the Companies Act, 2013, Rules thereof and the Secretarial Standard 1) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions in the Board 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 is no event/action having a major bearing on the Company's affairs.

sd/-

**Mahesh J. Risbud**

**Practising Company Secretary**

**FCS No. 810**

**C P No.: 185**

**UCN – S1981MH000400**

Pune: 24 May 2016

## ANNEXURE IV TO THE DIRECTORS' REPORT

### ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

CSR policy is available on the website of the Company [www.kil.net.in](http://www.kil.net.in)

- The Composition of the CSR Committee:**

Mr. Anil N. Alawani, Chairman

Mr. Vijay K. Bajhal, Independent Director

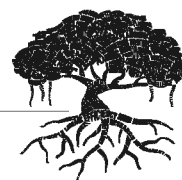
Ms. Aditi V. Chirmule, Executive Director

- Average net profit of the Company for last three Financial Years: ₹ 2,790.40 Lakhs**
- Prescribed CSR Expenditure (two percentage of the amount as in item 3 above): ₹ 55.81 Lakhs**
- Details of CSR spent during the financial year:**

- Total amount to be spent for the financial year: ₹ 55.81 Lakhs
- Amount unspent, if any: Nil
- Manner in which the amount spent during the financial year is detailed below:

(₹ in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) local area or other (2) specify the State and District where project or programme was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programme sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent direct or through implementing agency
1	Clean Beautiful School (CBS) – Kirloskar WASH Initiative	Promoting healthcare including preventive health care and sanitation	District – Pune, Maharashtra	43.00	41.00	41.00	41.00 through Kirloskar Foundation
2	Clean Beautiful School (CBS) – Competition	Promoting healthcare including preventive health care and sanitation	District – Pune, Maharashtra	15.50	15.50	15.50	15.50 Through Kirloskar Foundation
	<b>Total</b>			<b>58.50</b>	<b>56.50</b>	<b>56.50</b>	



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

Sd/-

**Aditi V. Chirmule**  
**Executive Director**  
DIN 01138984

Pune: 24 May 2016

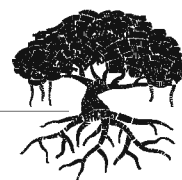
Sd/-

**Anil N. Alawani**  
**Chairman CSR Committee**  
DIN 00036153

## ANNEXURE V TO THE DIRECTORS' REPORT

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

Sr. No.	Particulars			
i	The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year	<b>Name of Director</b>	<b>Ratio</b>	
		Mr. Atul C. Kirloskar, Chairman	0.36	
		Ms. Aditi V. Chirmule, Executive Director	8.29	
		Mr. Nihal G. Kulkarni	0.32	
		Mr. Shrikrishna N. Inamdar	0.58	
		Mr. Vijay K. Bajhal	0.42	
		Mr. Anil N. Alawani	1.10	
		Mrs. Priyamvada A. Ranade	0.41	
	Mr. Tejas P. Deshpande (Appointed as a Director w.e.f. 19 May 2015)	0.39		
ii	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<b>Name of Director / Chief Financial Officer / Company Secretary</b>	<b>Percentage Increase / (decrease) in the Remuneration</b>	
		Mr. Atul C. Kirloskar, Chairman	Nil	
		Ms. Aditi V. Chirmule, Executive Director	5.38	
		Mr. Nihal G. Kulkarni	58.33	
		Mr. Shrikrishna N. Inamdar	3.03	
		Mr. Vijay K. Bajhal	4.17	
		Mr. Anil N. Alawani	54.76	
		Mrs. Priyamvada A. Ranade	14.29	
		Mr. Tejas P. Deshpande (Appointed as a Director w.e.f. 19 May 2015)	N.A.	
		Mrs. Jasvandi M. Deosthale	12.02	
	Mrs. Ashwini V. Mali	12.02		
iii	The percentage increase in the median remuneration of employees in the financial year	12.02%		
iv	The number of permanent employees on the roll of Company	8 including Executive Director		
v	The explanation on the relationship between average increase in remuneration and Company performance	The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance, industry trends, economic situation, future growth prospects, etc. The Board believes that the increase is in line with the industry.		
vi	Comparison on the remuneration of the Key Managerial Personnel against the performance of the Company	The remuneration is not solely based on Company performance but also includes various other factors like individual performance, industry trends, economic situation, future growth prospects, etc. The Board believes that the increase is in line with the industry.		
vii	Variation in the market capitalisations of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies	<b>Market Capitalization *</b> (₹ in lakhs)	<b>31 March 2016</b> 59,756.55	<b>31 March 2015</b> 51,242.09
		<b>PE Ratio *</b>	9.92	11.29
		*Source – BSE limited. The Company had not made any public offer.		



Sr. No.	Particulars	
viii	<p>Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and</p> <p>its comparison with the percentile increase in the managerial remuneration and</p> <p>justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration</p>	<p>12.02% (on annualised basis)</p> <p>9.01% (on annualised basis)</p> <p>There are no exceptional circumstances for increase in the managerial remuneration.</p>
ix	<p>Comparison of each remuneration of the KMP against the performance of the Company</p>	<p>The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance, industry trends, economic situation, future growth prospects, etc. The Board believes that the increase is in line with the industry.</p>
x	<p>The key parameters for any variable component of remuneration availed by the Directors</p>	<p>Commission is the variable component in the remuneration of Director's. As per the Nomination and Remuneration Policy of the Company, the amount of commission is calculated on the basis of performance evaluation of the Directors.</p>
xi	<p>The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year</p>	<p>There are no such cases.</p>
xii	<p>Affirmation</p>	<p>The Board affirms that the remuneration is as per the Nomination and Remuneration Policy of the Company.</p>
xiii	<p>Statement showing the name of every employee of the Company, who -</p> <p>(i) if employee throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty Lakhs 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 five Lakhs 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>	<p>Nil</p>

For and on behalf of the Board of Directors

sd/-

**ATUL C. KIRLOSKAR**

**CHAIRMAN**

DIN 00007387

Pune: 24 May 2016

**FORM A**  
**(FOR AUDIT REPORT WITH UNMODIFIED OPINION)**  
**Pursuant to Regulation 33 (4) of**  
**SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations)**

1.	Name of the Company	Kirloskar Industries Limited (Scrip Code 500243 / KIRLOSIND)
2.	Annual Financial Statements for the year ended	31 March 2016 (Standalone)
3.	Type of Audit observation	Unmodified
4.	Frequency of observation	Not Applicable

**For G. D. Apte & Co.**  
Chartered Accountants  
Firm Registration No: 100515W

Sd/-  
**C. M. DIXIT**  
Partner  
Membership Number: 17532

Pune: 24 May 2016

**For Kirloskar Industries Limited**

Sd/-  
**ADITI V. CHIRMULE**  
Executive Director  
DIN 01138984

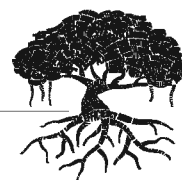
**For Kirloskar Industries Limited**

Sd/-  
**VIJAY K. BAJHAL**  
Chairman – Audit Committee  
DIN 00531315

**For Kirloskar Industries Limited**

Sd/-  
**JASVANDI M. DEOSTHALE**  
Chief Financial Officer  
ACA 111693

Pune: 24 May 2016

**FORM A****(FOR AUDIT REPORT WITH UNMODIFIED OPINION)**

Pursuant to Regulation 33 (4) of  
**SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations)**

1.	Name of the Company	Kirloskar Industries Limited (Scrip Code 500243 / KIRLOSIND)
2.	Annual Financial Statements for the year ended	31 March 2016 (Consolidated)
3.	Type of Audit observation	Unmodified
4.	Frequency of observation	Not Applicable

**For G. D. Apte & Co.**  
Chartered Accountants  
Firm Registration No: 100515W

Sd/-  
**C. M. DIXIT**  
Partner  
Membership Number: 17532

Pune: 24 May 2016

**For Kirloskar Industries Limited**

Sd/-  
**ADITI V. CHIRMULE**  
Executive Director  
DIN 01138984

**For Kirloskar Industries Limited**

Sd/-  
**VIJAY K. BAJHAL**  
Chairman – Audit Committee  
DIN 00531315

**For Kirloskar Industries Limited**

Sd/-  
**JASVANDI M. DEOSTHALE**  
Chief Financial Officer  
ACA 111693

Pune: 24 May 2016

## REPORT ON CORPORATE GOVERNANCE

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

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

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner towards fulfilling the corporate objectives and to meet the obligations and best subserve the interest of the stakeholders.

### 2. BOARD OF DIRECTORS:

#### a. Composition of the Board:

The Board of Directors comprises eight Directors as on 31 March 2016. Mr. Tejas P. Deshpande appointed as a Director of the Company with effect from 19 May 2015.

The Composition of the Board is as under:

Category of Directors	No. of Directors
Executive	1
Non-Executive and Independent	4
Non-Executive and Non-Independent	3
Total	8

#### b. Number of Board Meetings:

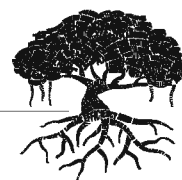
During the Financial Year under review, six meetings of the Board of Directors were held on 19 May 2015, 31 July 2015, 28 August 2015, 26 October 2015, 29 January 2016 and 10 March 2016.

#### c. Directors' attendance record and directorships held:

The information on composition of the Board, category of Directors, attendance of each Director at Board Meetings held during the Financial Year 2015-16 and the Annual General Meeting (AGM) held on 28 August 2015, Directorships and Committee positions in other public companies of which the Director is a Member / Chairman / Chairperson and the shareholding of Non-Executive Directors is as follows:

Sr. No.	Category of Director and Name of Director	Number of shares held by Non-Executive Directors	Number of Directorships held in other public limited companies *	Number of Committee positions held in other public limited companies **		Attendance at Meetings	
				Chairman / Chairperson	Member	Board	AGM
<b>Executive Director</b>							
1	Ms. Aditi V. Chirmule	NA	Nil	Nil	Nil	6	Present
<b>Non-Executive and Non-Independent Directors</b>							
2	Mr. Atul C. Kirloskar ***	16,35,300	5	1	Nil	6	Present
3	Mr. Nihal G. Kulkarni ***	Nil	3	Nil	1	5	Absent
4	Mr. Anil N. Alawani	2,285	3	1	3	6	Present
<b>Non-Executive and Independent Director</b>							
5	Mr. Shrikrishna N. Inamdhar	1,432	5 #	5	1	6	Present
6	Mr. Vijay K. Bajhal	Nil	1	1	Nil	4	Present
7	Mrs. Priyamvada A. Ranade	Nil	Nil	Nil	Nil	5	Present
8	Mr. Tejas P. Deshpande ****	Nil	Nil	Nil	Nil	5	Absent



**Notes:**

- \* Excludes directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.
- \*\* For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee are considered as per Regulation 26 (1) (b) of the Regulations.
- \*\*\* Deemed as Promoters within the meaning of Securities Exchange Board of India (SEBI) (Substantial Acquisition of Shares and Takeover) Regulations, 2011.
- \*\*\*\* Mr. Tejas P. Deshpande was appointed as an Additional Independent Director by the Board of Directors with effect from 19 May 2015 and further appointed as an Independent Director by the members at their Annual General Meeting held on 28 August 2015.
- # Ceased to be a Director in Kirloskar Proprietary Limited w.e.f. 2 May 2016.

As on 31 March 2016, none of the current Directors are related to each other within the meaning of Section 2 (77) of the Companies Act, 2013 and Rules thereof.

**d. Criteria for performance evaluation:**

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Directors.

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

- i. Attendance for the meetings, participation and independence during the meetings;
- ii. interaction with Management;
- iii. role and accountability of the Board; and
- iv. knowledge and proficiency.

**e. Meeting of Independent Directors:**

The meeting of Independent Directors was held on Friday, 18 December 2015, to discuss, *inter alia*:

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

**f. Familiarisation program for Independent Directors:**

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

During quarterly Board Meetings, all Board Members are updated on regular basis, by way of presentations where Directors have an opportunity to interact with key managerial 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 details of such familiarisation programs has been put on the website of the Company at <http://kil.net.in/familiarization-programme/familiarisation-programme-for-independent-directors.pdf>

**g. Code of Conduct:**

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

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

**h. Information supplied to the Board:**

Among others, this includes:

- i. Review of annual operating plans of business, capital budgets, updates;
- ii. quarterly results of the Company and its operating divisions or business segments;
- iii. material important show cause, demand, prosecution and penalty notices;
- iv. fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- v. details of any joint venture or collaboration agreement;
- vi. transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- vii. significant labour problems and their proposed solutions;
- viii. significant development in human resources and industrial relation fronts;
- ix. non-compliance of any regulatory, statutory provision or listing requirements as well as shareholders service such as non-payment of dividend and delay in share transfer;
- x. information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer or the Company Secretary.

**3. AUDIT COMMITTEE:**

**a. Composition:**

The Audit Committee comprises six Non-Executive Directors, majority of who are Independent. The composition is in conformity with Regulation 18 of the Regulations.

During the Financial Year under review, five meetings of the Committee were held on 19 May 2015, 31 July 2015, 28 August 2015, 26 October 2015 and 29 January 2016.

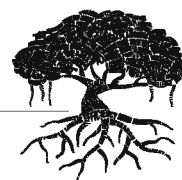
The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Category	No. of meetings attended
1.	Mr. Vijay K. Bajhal (Chairman)	Non-Executive Independent	3
2.	Mr. Shrikrishna N. Inamdar	Non-Executive Independent	5
3.	Mr. Tejas P. Deshpande *	Non-Executive Independent	4
4.	Mrs. Priyamvada A. Ranade	Non-Executive Independent	4
5.	Mr. Nihal G. Kulkarni	Non-Executive Non-Independent	4
6.	Mr. Anil N. Alawani	Non-Executive Non-Independent	5

\*Appointed as a Member of the Committee with effect from 19 May 2015.

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

Mr. Vijay K. Bajhal, Chairman of the Committee, was present at the Annual General Meeting of the Company held on Friday, 28 August 2015.

**b. Terms of reference:**

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

1. Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the Financial Statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the Annual Financial Statements and the Auditor's Report thereon before submission to the Board, for approval, with particular reference to:
  - a) matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of Sub - Section 3 of Section 134 of the Companies Act, 2013;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by the management;
  - d) significant adjustments made in the Financial Statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to Financial Statements;
  - f) disclosure of any related party transactions;
  - g) modified opinion(s) in the draft Audit Report.
5. Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with Internal Auditors of any significant findings and follow up thereon.
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with Statutory Auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. Reviewing the functioning of the Whistle Blower Mechanism.
19. Approval of appointment of Chief Financial Officer after accessing the qualifications, experience and background, etc. of the candidate.
20. Mandatorily reviewing the following information:
  - A. Management discussion and analysis of financial condition and results of operations;
  - B. statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;

- C. management letters / letters of internal control weaknesses issued by the Statutory Auditors;
  - D. Internal Audit Reports relating to internal control weaknesses; and
  - E. the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee;
  - F. statement of deviations:
    - A. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32 (1);
    - B. Annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32 (7).
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**c. Powers of Audit Committee:**

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

**4. NOMINATION AND REMUNERATION COMMITTEE:**

**a. Composition:**

The Nomination and Remuneration Committee comprises four Non-Executive Directors, majority of whom are Independent. The composition is in conformity with Regulation 19 of the Regulations.

During the Financial Year under review, one meeting of the Committee was held on 19 May 2015.

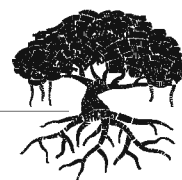
**The composition of the Committee and attendance at its meetings is given below:**

Sr. No.	Name of the Member Director	Category	Number of meetings attended
1.	Mr. Vijay K. Bajhal (Chairman)	Non-Executive Independent	1
2.	Mr. Shrikrishna N. Inamdar	Non-Executive Independent	1
3.	Mr. Atul C. Kirloskar	Non-Executive Non-Independent	1
4.	Mr. Anil N. Alawani	Non-Executive Non-Independent	1

**b. Terms of reference:**

The terms of reference of the Nomination and Remuneration Committee include the matters specified under Regulation 19 (4) read with Part D of Schedule II of the Regulations as well as those in Section 178 of the Companies Act, 2013 and *inter alia* include the following:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- ii. Formulation of criteria for evaluation of performance of independent directors and the board of directors.
- iii. Devising a policy on diversity of Board of Directors.
- iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- v. Whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors.


**c. Remuneration to Directors:**

The Board has a 'Nomination and Remuneration Policy' for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel and their remuneration. The policy is annexed as 'Annexure II' to Directors' Report.

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

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

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

The sitting fee of ₹ 10,000 per meeting of the Board and any Committee thereof, attended by the Non-Executive Directors is payable to them.

**Details of the remuneration paid to Directors during Financial Year 2015-16:**

Sr. No.	Name of Director	Basic Salary	Allowances	Perquisites & Other Benefits	Sitting Fees	Commission	Total
<b>Executive Director</b>							
1.	Ms. Aditi V. Chirmule	25,80,000	--	10,63,779	NA	15,00,000	51,43,779
<b>Non-Executive Directors</b>							
2.	Mr. Atul C. Kirloskar	--	--	--	70,000	1,40,000	2,10,000
3.	Mr. Nihal G. Kulkarni	--	--	--	90,000	1,00,000	1,90,000
4.	Mr. Anil N. Alawani	--	--	--	1,50,000	5,00,000	6,50,000
5.	Mr. Vijay K. Bajhal	--	--	--	90,000	1,60,000	2,50,000
6.	Mr. Shrikrishna N. Inamdar	--	--	--	1,20,000	2,20,000	3,40,000
7.	Mrs. Priyamvada A. Ranade	--	--	--	1,00,000	1,40,000	2,40,000
8.	Mr. Tejas P. Deshpande	--	--	--	90,000	1,40,000	2,30,000
	<b>TOTAL</b>	<b>25,80,000</b>	<b>--</b>	<b>10,63,779</b>	<b>7,10,000</b>	<b>29,00,000</b>	<b>72,53,779</b>

**Notes:**

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

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

The Company has a Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee, which comprises three Directors, viz., Mr. Anil N. Alawani, Non-Independent Director, Ms. Aditi V. Chirmule, Executive Director and Mrs. Priyamvada A. Ranade, Independent Director. Mr. Anil N. Alawani acts as a Chairman of the Committee. The Committee has been constituted to look into investors' complaints like transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc. and redressal thereof.

During the Financial Year under review, one Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee meeting was held on 26 October 2015. All the present Committee members attended the said meeting.

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

The Compliance Officer can be contacted at:

**Kirloskar Industries Limited**

13/A, Karve Road, Kothrud,

Pune - 411 038.

Tel.: +91 (20) 2545 2721 Fax: +91(20) 2545 4723

E-mail: [Ashwini.Mali@kirloskar.com](mailto:Ashwini.Mali@kirloskar.com)

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

The total numbers of complaints received and replied to the satisfaction of the shareholders during the year ended 31 March 2016, were 2 and there were no complaints outstanding as on 31 March 2016.

The Company had no share transfer requests pending as on 31 March 2016.

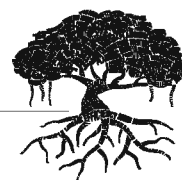
**6. GENERAL BODY MEETINGS:**

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

Financial Year	Date	Type of Meeting	Venue	Time
2014-15	28 August 2015	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	11.00 a.m.
2013-14	02 September 2014	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	11.00 a.m.
2012-13	08 August 2013	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	11.00 a.m.

In the previous General Meetings, Special Resolutions were passed by the shareholders in respect of the following matters:

- Authorising the Board of Directors of the Company to decide and pay the remuneration by way of commission to the Non-Executive Directors of the Company.
- Amendment in Article 122 of the Articles of Association of the Company.



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

At present, no special resolution is proposed to be passed at the ensuing Annual General Meeting.

## 7. OTHER DISCLOSURES:

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

### i. Related Party Transactions:

During the Financial Year under review, there was no materially significant related party transaction made by the Company as defined in Regulation 23 of the Regulations that may have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in Note 30 to the Financial Statements in the Annual Report.

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

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

### iii. Whistle Blower Policy / Vigil Mechanism:

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

### iv. Policy for determining 'material' subsidiaries:

As required under Regulation 16 (1) (c) of the Regulations, the Company has a policy for determining 'material' subsidiaries, which has been put on the website of the Company at <http://kil.net.in/policies/policy-on-material-subsiidiaries.pdf>

### v. Related Party Transactions Policy:

As required under Regulation 23 (1) of the Regulations, the Company has a Policy on Materiality Related Party Transactions and dealing with Related Party Transactions which has been put on the website of the Company at [http://kil.net.in/others/kil\\_policy-on-materiality-related-party-transactions.pdf](http://kil.net.in/others/kil_policy-on-materiality-related-party-transactions.pdf)

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

## 8. DISCRETIONARY REQUIREMENTS:

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

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**1. Shareholder Rights:**

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

**2. Modified opinion in Audit Report:**

The Company already has a regime of un-qualified Financial Statements. There are no modified audit opinions on the Financial Statements of the Company for the year ended 31 March 2016, made by the Statutory Auditors in their Audit Report.

**9. OTHER REQUIREMENTS:**

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

Pursuant to SEBI Circular No. CIR/CFD/DIL/10/2010 dated 16 December 2010 and Regulation 39 (4) read with Schedule VI of the Regulations, the Company has sent reminders to those 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.

As on 31 March 2016, the total unclaimed equity shares are 38,896.

**2. Cost Audit Report:**

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company is neither required to maintain cost records relating to Electricity Industry (Windmills) for the Financial Year 2015-16, in Form (CRA-1) nor is required to get the records audited.

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

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

**11. MEANS OF COMMUNICATION:**

**a. Quarterly results:**

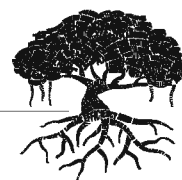
The Quarterly and Half Yearly results are published in national and local dailies, namely Financial Express (English) and Loksatta (Marathi), having wide circulation. Since the results of the Company are published in the newspapers, half yearly reports are not sent individually to the shareholders.

The Company's results and official news releases are displayed on the Company's website, viz., [www.kil.net.in](http://www.kil.net.in)

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

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





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

**12. GENERAL INFORMATION FOR SHAREHOLDERS:**
**a. Annual General Meeting:**

Corporate Identification Number (CIN)	L29112PN1978PLC088972
Annual General Meeting	Date and Day : Thursday, 11 August 2016 Time : 11.30 a.m. Venue : S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030
Book Closure	Tuesday, 9 August 2016 to Thursday, 11 August 2016
Last date of receipt of proxy forms	Tuesday, 9 August 2016
Financial Year 2015-16	During the year, the financial results were announced as under: First quarter : 31 July 2015 Second quarter : 26 October 2015 Third quarter : 29 January 2016 Annual : 24 May 2016
International Security Identification Number (ISIN)	INE 250A1039
BSE Limited (BSE)	500243
National Stock Exchange of India Limited (NSE)	KIRLOSIND
Payment of annual listing fee	The annual listing fees have been paid to BSE and NSE
Designated e-mail address for investor services	<a href="mailto:investorrelations@kirloskar.com">investorrelations@kirloskar.com</a>

**b. Shareholding Pattern as on 31 March 2016:**

Sr. No.	Category	No. of shares	% of Shareholding
1.	Promoters	70,52,034	72.64
2.	Mutual Funds / UTI	2,949	0.03
3.	Banks / Financial Institutions and Insurance Companies	4,55,911	4.70
4.	Other Bodies Corporates	63,560	0.65
5.	Foreign Institutional Investors	9,43,916	9.72
6.	Clearing Members	20,886	0.22
7.	NRI	18,722	0.19
8.	Trusts	571	0.01
9.	Foreign Nationals	425	0.00
10.	Hindu Undivided Family	41,857	0.43
11.	General Public	11,07,788	11.41
	<b>TOTAL</b>	<b>97,08,619</b>	<b>100.00</b>

**c. Distribution of Shareholding as on 31 March 2016:**

Shareholding of nominal value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In ₹	% to Total
(1)		(2)	(3)	(4)	(5)
Up to	5,000	20,833	98.22	57,00,650	5.87
5,001	10,000	203	0.96	14,79,090	1.53
10,001	20,000	88	0.41	12,56,430	1.29
20,001	30,000	34	0.16	8,19,700	0.84
30,001	40,000	6	0.03	2,19,780	0.23
40,001	50,000	14	0.07	6,35,540	0.65
50,001	1,00,000	13	0.06	9,39,200	0.97
1,00,001 and above		19	0.09	8,60,35,800	88.62
<b>TOTAL</b>		<b>21,210</b>	<b>100.00</b>	<b>9,70,86,190</b>	<b>100.00</b>

Dematerialisation of shares and liquidity (as on 31 March 2016)	94,99,492
Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any convertible instruments.

**Commodity price risk or foreign exchange risk and hedging activities:**

Not applicable

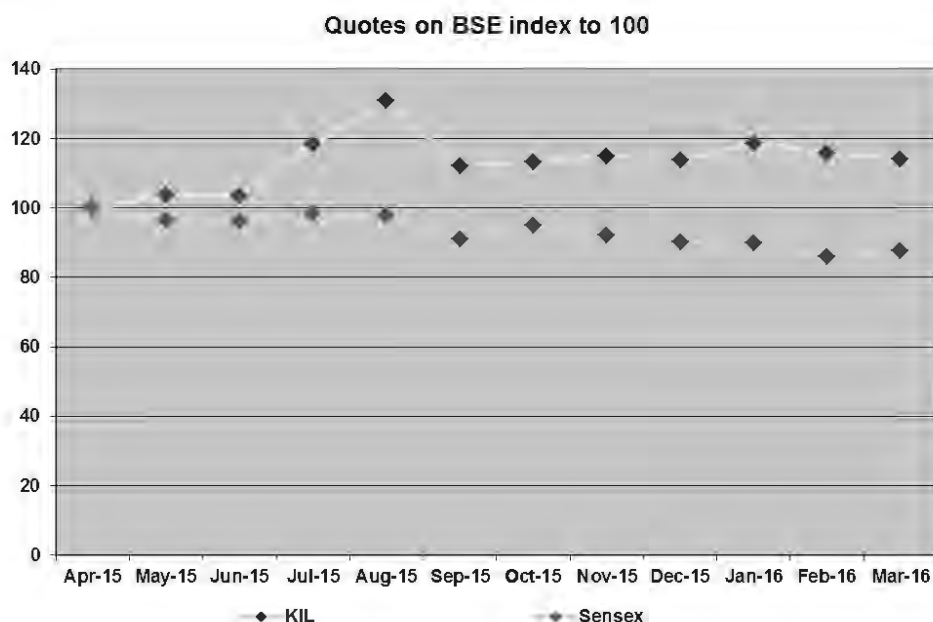
**d. Market Price Data:**

Monthly high / low during the year 2015-16 on the BSE and NSE are as under:

Stock Exchange	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2015	570.00	502.00	608.00	501.50
May 2015	591.50	504.25	599.00	501.00
June 2015	590.00	527.00	592.00	512.05
July 2015	675.00	569.50	680.00	562.10
August 2015	746.00	600.00	767.00	580.00
September 2015	639.75	520.00	627.90	526.50
October 2015	646.00	566.75	664.95	556.00
November 2015	655.50	582.00	650.00	520.20
December 2015	648.00	590.00	658.80	584.60
January 2016	676.00	572.00	675.00	580.50
February 2016	660.00	550.00	650.00	540.00
March 2016	649.75	560.50	659.00	568.25



**e. Performance in comparison to broad-based indices – BSE Sensex:**



**f. Share Transfer System:**

- a. The applications for transfer of shares lodged at the Company's Registrar and Share and Transfer Agent in physical form are processed within 15 days of receipt of the documents valid and complete in all respects. After such processing, the Registrar and Share Transfer Agent will issue share certificate to the concerned shareholder within 15 days of receipt of certificate for transfer. Shares under objection are returned within a stipulated period of time. The transfer applications are approved periodically by the Directors / Key Managerial Personnel of the Company.
- b. Pursuant to Clause 47 (c) of the Listing Agreement and Regulation 40 (9) of the Regulations, a certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.
- c. **Registrar and Share Transfer Agent (R&T Agent):**

The entire work of the Company, relating to processing of transfer of shares has been given to an outside agency, i.e., Link Intime India Private Limited, being a SEBI Registered R & T Agent. The contact details are as follows:

<b>Link Intime India Private Limited</b>	'Akshay' Complex, Block No. 202, 2 <sup>nd</sup> Floor, Off Dhole Patil Road, Pune – 411 001 Tel.: (020) 2616 1629/2616 0084 E mail: pune@linkintime.co.in
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**d. Shareholder References:**

• **Permanent Account Number (PAN):**

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

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

• **Email Address:**

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

In respect of shares held in physical form, shareholders are requested to register their e-mail addresses with the Company / the R & T Agent (with the Depository Participants (DPs) in case of shares held in dematerialised form).

• **Dematerialisation of shares:**

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

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

The Reserve Bank of India (RBI) has initiated NECS for credit of Dividend directly to the Bank Account of shareholders. Shareholders holding shares in electronic mode are requested to register their latest Bank Account details with their DP and in physical form with the Company's R & T Agent.

**g. Location of Windmills:**

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

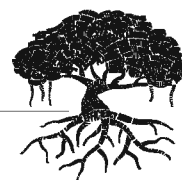
**h Address for correspondence:**

Shareholders' correspondence should be addressed to Link Intime India Private Limited, the R & T Agent, at the address mentioned above. Shareholders can also email their queries / grievances to the following email address:

[investorrelations@kirloskar.com](mailto:investorrelations@kirloskar.com)

**j. CEO / CFO Certification**

The CEO / CFO Certificate signed by Ms. Aditi V. Chirmule, Executive Director and Mrs. Jasvandi M. Deosthale, Chief Financial Officer was placed before the meeting of the Board of Directors held on 24 May 2016.

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

The Members,

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

A handwritten signature in black ink, appearing to read 'A. Chirmule'.

**Aditi V. Chirmule**  
Executive Director  
DIN 01138984

Pune: 24 May 2016

**CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE**

To The Members of Kirloskar Industries Limited

We have examined the compliance of conditions of Corporate Governance by **KIRLOSKAR INDUSTRIES LIMITED** (the Company), for the year ended 31 March, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period 1 April 2015 to 30 November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('the Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations for the period 1 December 2015 to 31 March 2016.

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

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

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.

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration No: 100515W

sd/-  
**C. M. DIXIT**  
Partner  
Membership Number: 17532

Pune: 24 May 2016

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## **Independent Auditors' Report**

**To,  
The Members of Kirloskar Industries Limited**

### **Report on the Standalone Financial Statements**

We have audited the accompanying Standalone Financial Statements of Kirloskar Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

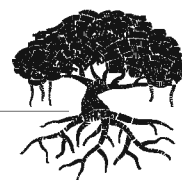
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material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

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016, ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with in this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the Directors as on March 31, 2016, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016, from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has included the disclosure of the impact of pending litigations on its financial position in its Financial Statements under Note No 24, Contingent Liabilities.
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration No: 100515W

sd/-

**C. M. DIXIT**  
Partner

Membership Number: 17532

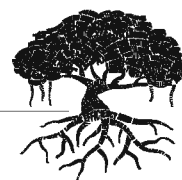
Pune : 24 May 2016

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

- i.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets according to which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
  - (c) The title deeds of immovable properties are held in the name of the Company.
- ii. Considering the nature of the inventories of the Company [Renewable Energy Certificates (RECs)], the provisions of clause 3(ii) of the Order is not applicable to the Company.
- iii. Based on the audit procedures conducted by us and according to the information and explanations given to us, in our opinion, no loans, secured or unsecured have been granted to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.
- iv. Based on the audit procedures conducted by us and according to the information and explanations given to us, in our opinion, the Company has not given any loans, guarantees or securities to any of its Directors or to any other persons in whom the Director is interested under Section 185. The Company has Complied with the provisions of Section 186 of the Act with respect to the investments made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the provisions of the Act.
- vi. The Company is not required to maintain cost records as per Rule 3 of Companies (Cost Records and Audit) Rules, 2014.
- vii.
  - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Income-tax, Value added tax, Service tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us and from the records of the company, there were no undisputed statutory dues as at the last day of the financial year which were outstanding for a period of more than six months from the date they became payable. We have been explained that dues in respect of Employees State Insurance, Custom duty, Excise duty and Sales tax were not applicable during the year.
  - (b) According to the information and explanations given to us and from the examination of books of account and records of the Company, there are no dues in respect of Income tax, Sales tax, Service tax, Custom duty, Excise duty, Value added tax or Cess which have not been deposited on account of any dispute, except for following cases:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Years to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	Denial of service tax credit taken and penalty thereon	0.52	2006-07	CESTAT-Mumbai
Income Tax Act, 1961	Disallowance of certain expenses	158.21 (Since paid under protest)	2012-13	Commissioner of Income Tax (Appeals)





- viii. The Company has not availed any loan from any financial institution, bank, government or debenture holders. As such, the reporting under this clause regarding to default of the Company in repayment of dues to financial institution, bank, government or debenture holders is not required.
- ix. During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given to us we report that the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. According to the explanations given to us, the Company is not a Nidhi Company within the meaning of Section 406 of the Act.
- xiii. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given to us, we report that the transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013, where applicable and the details as required by the applicable accounting standards have been disclosed in the Financial Statements.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given to us, we report that the Company has not entered into any non-cash transactions of the nature as described in Section 192 (1) of the Act.
- xvi. Based upon the audit procedures performed by us and as per the information and explanations given to us, we report that the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For G. D. APTE & CO.**

Chartered Accountants

Firm Registration No: 100515W

sd/-

**C. M. DIXIT**

Partner

Membership Number: 17532

Pune : 24 May 2016

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

### **To The Members of Kirloskar Industries Limited**

We have audited the internal financial controls over financial reporting of Kirloskar Industries Limited (“the Company”), as of March 31, 2016 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

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

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

### **Auditors' Responsibility**

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

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

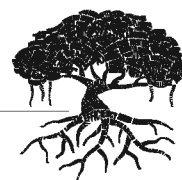
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.



Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For G. D. APTE & CO.**

Chartered Accountants

Firm Registration No: 100515W

sd/-

**C. M. DIXIT**

Partner

Membership Number: 17532

Pune : 24 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

( ₹ in Lakhs)

	Note No.	As at 31 March 2016	As at 31 March 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	970.87	970.87
(b) Reserves and surplus	4	72,129.15	68,262.50
<b>2 Non-current liabilities</b>			
(a) Deferred tax liability (Net)	35	126.28	129.26
(b) Other long term liabilities	5	1,589.89	44.64
(c) Long-term provisions	6	50.65	72.21
<b>3 Current liabilities</b>			
(a) Trade payables	7	5.83	-
(b) Other current liabilities	8	215.92	1,267.19
(c) Short-term provisions	9	2.20	2,158.10
<b>TOTAL</b>		<b>75,090.79</b>	<b>72,904.77</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>			
- Tangible assets	10	581.32	642.33
- Intangible assets	10	0.01	0.12
(b) Non-current investments	11	68,644.87	59,728.70
(c) Long-term loans and advances	12	536.01	575.42
(d) Other non-current assets	13	200.04	180.04
<b>2 Current assets</b>			
(a) Current investments	14	-	-
(b) Inventories		1.40	1.52
(c) Trade receivables	15	45.58	-
(d) Cash and Bank Balances	16	4,385.33	10,982.33
(e) Short-term loans and advances	17	40.42	53.53
(f) Other current assets	18	655.81	740.78
<b>TOTAL</b>		<b>75,090.79</b>	<b>72,904.77</b>

Notes forming part of the Financial Statements: Note No.  
1 to 39

As per our attached report of even date

For and on behalf of the Board of Directors

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

**ATUL C. KIRLOSKAR**  
Chairman  
DIN 00007387

**ADITI V. CHIRMULE**  
Executive Director  
DIN 01138984

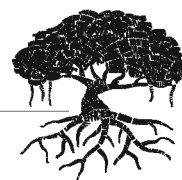
**C. M. DIXIT**  
Partner  
Membership Number: 17532

**ASHWINI V. MALI**  
Company Secretary  
ACS 19944

**JASVANDI M. DEOSTHALE**  
Chief Financial Officer  
ACA 111693

Pune: 24 May 2016

Pune: 24 May 2016


**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016**

(₹ in Lakhs)

	Note No.	2015-16	2014-15
<b>I. Revenue from operations</b>	19	<b>475.04</b>	339.03
<b>II. Other income</b>	20	<b>7,194.89</b>	5,908.76
<b>III. Total Revenue (I + II)</b>		<b>7,669.93</b>	6,247.79
<b>IV. Expenses:</b>			
Cost of Renewable Energy Credit		<b>3.59</b>	2.99
Employee benefits expense	21	<b>109.74</b>	107.06
Operating and Other expenses	22	<b>573.61</b>	561.46
Depreciation and amortization expense	23	<b>88.67</b>	92.47
Corporate Social Responsibility activities	37	<b>56.50</b>	55.00
<b>V Total expenses</b>		<b>832.11</b>	818.98
<b>VI Profit / (Loss) before tax (III- V)</b>		<b>6,837.82</b>	5,428.81
<b>VII Tax expense / (income):</b>			
Current tax		<b>815.79</b>	786.51
Deferred tax		<b>(2.98)</b>	129.26
<b>Total</b>		<b>812.81</b>	915.77
<b>VIII Profit / (Loss) for the year (VI-VII)</b>		<b>6,025.01</b>	4,513.04
<b>IX Earnings per equity share</b> [Nominal value of Share ₹ 10 (31 March 2015 ₹ 10)]		₹	₹
Basic & Diluted		<b>62.05</b>	<b>46.48</b>

**Notes forming part of the Financial Statements:**

 Note No.  
1 to 39

As per our attached report of even date

For and on behalf of the Board of Directors

**For G. D. APTE & CO.**  
Chartered Accountants  
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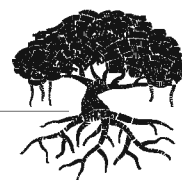
Pune: 24 May 2016

Pune: 24 May 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(₹ in Lakhs)

	2015-16	2014-15
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax:	6,837.82	5,428.81
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Add:		
Depreciation and amortization	88.67	92.47
Provision of doubtful advances	-	0.21
Bad debts written off	-	5.44
	88.67	98.12
Less:		
Profit on sale of investment	111.91	-
Provisions no longer required, written back	27.59	216.36
Interest earned	671.43	843.47
Dividend on investments	3,504.78	2,514.09
Income from Property Licensing Fees	2,862.17	2,334.84
<b>Sub total</b>	7,177.88	5,908.76
<b>Operating profit before working capital changes</b>	<b>(251.39)</b>	<b>(381.83)</b>
<b>Changes in working capital</b>		
Increase / (Decrease) in trade payables	5.83	(7.58)
Increase / (Decrease) in long-term provisions	5.44	8.50
Increase / (Decrease) in short-term provisions	0.39	(31.98)
Increase / (Decrease) in other current liabilities	6.22	19.67
Decrease / (Increase) in trade receivables	(45.58)	-
Decrease / (Increase) in inventories	0.12	0.67
Decrease / (Increase) in long - term loans and advances	-	200.00
Decrease / (Increase) in short - term loans and advances	13.11	(2.51)
Decrease / (Increase) in other current assets	(248.51)	219.71
<b>Sub total</b>	<b>(262.98)</b>	<b>406.48</b>
<b>Net cash generated / (utilised) from operations</b>	<b>(514.37)</b>	<b>24.65</b>
Direct Taxes Paid	(776.38)	(563.43)
<b>NET CASH GENERATED/ (UTILISED) FROM OPERATING ACTIVITIES</b>	<b>(1,290.75)</b>	<b>(538.78)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Add:		
Sale of investments	112.70	-
Interest received	1,004.95	682.46
Dividend received	3,504.78	2,514.07
Property Licensing Fees	2,862.13	2,334.66
Security deposit	443.77	1.09
<b>Sub total</b>	<b>7,928.33</b>	<b>5,532.28</b>


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

	(₹ in Lakhs)	
	2015 - 2016	2014 - 2015
<b>Less:</b>		
Purchase of investments	(8,941.83)	-
Investments in bank deposits (having original maturity of more than three months) (Net)	6,626.62	(4,556.05)
Purchase of fixed assets	(2.68)	(7.35)
<b>Sub total</b>	<b>(2,317.89)</b>	<b>(4,563.40)</b>
<b>NET CASH GENERATED / (UTILISED) FROM INVESTING ACTIVITIES</b>	<b>5,610.44</b>	<b>968.88</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,838.88)	(409.32)
Tax on dividend	(431.19)	-
Fractional shareholding entitlement paid	-	(0.01)
<b>NET CASH GENERATED / (UTILISED) IN FINANCING ACTIVITIES</b>	<b>(4,270.07)</b>	<b>(409.33)</b>
<b>D. Net Increase / (Decrease) in Cash and Cash equivalents</b>	<b>49.62</b>	<b>20.77</b>
<b>E. Cash and Cash equivalents at the beginning of the year</b>	<b>118.38</b>	<b>97.61</b>
<b>F. Cash and Cash equivalents at the end of the year</b>	<b>168.00</b>	<b>118.38</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.06	0.04
With banks -		
- on current account	17.46	12.44
- on deposit account	40.00	40.00
- unclaimed dividend accounts / fractional entitlement *	110.48	65.90
<b>Total Cash and Cash equivalents</b>	<b>168.00</b>	<b>118.38</b>

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

**Notes:**

- The above Cash Flow Statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- All figures in brackets indicate outflow.

As per our attached report of even date

For and on behalf of the Board of Directors

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

**ATUL C. KIRLOSKAR**  
Chairman  
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Chief Financial Officer  
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Pune: 24 May 2016

Pune: 24 May 2016

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 1:

#### CORPORATE INFORMATION

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

The Company has investments in properties and securities.

### NOTE 2:

#### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

#### Summary of Significant Accounting Policies

##### a. Use of Estimates

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

##### b. Fixed Assets, Depreciation / Amortisation and Impairment of Assets

###### I. Tangible Fixed Assets and Intangible Assets

Tangible Fixed Assets and Intangible Assets are stated at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

###### II. Depreciation / Amortisation

Depreciation is provided on all assets (except land, being a non depreciable asset) equally over the useful life of the individual assets as prescribed under Part C of Schedule II to the Act. These lives also reflect the management's estimate of the useful life of the respective fixed asset. Where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately.

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

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

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

Depreciation is recognised in the Statement of Profit and Loss from the month in which the asset is acquired





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

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

### c. Impairment of assets

At each balance sheet date, based on internal / external factors, if there is any indication of impairment, the carrying amount of assets is reviewed. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the, net selling price and value of the assets in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

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

### d. Inventories

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

### e. Investments

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

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

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

#### Investment Property

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

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

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

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

### f. Employee Benefits

#### I. Provident Fund and Superannuation Scheme

The eligible employees of the Company are entitled to receive benefits under the Provident Fund and Superannuation Scheme, which are defined contribution plans. In case of Provident Fund, both the employee and the Company contribute monthly at a stipulated rate to the government provident fund, while

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

in case of superannuation, the Company contributes to Life Insurance Corporation of India at a stipulated rate. The Company has no liability for future Provident Fund or Superannuation benefits other than its annual contributions which are recognised as an expense in the year on an accrual basis.

### II. Gratuity

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

### III. Leave Encashment

Long term and Short term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per 'projected unit credit method' as at the reporting date.

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

### g. Revenue Recognition

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

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

- II. Income from the sale of Renewable Energy Certificates (RECs) is recognised on an accrual basis at the time when the contract to sale is entered.
- III. Income from property licensing is recognised as rentals, as accrued over the period of the Leave and License Agreements.
- IV. Dividend is recognised as income when right to receive it is established.
- V. Interest on fixed deposits with banks, debentures, bonds, etc. is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. In case of significant uncertainty of receiving interest, the same is not recognised though accrued and is recognised only when received.
- VI. Profit / loss on the sale / redemption of investments is dealt with at the time of actual sale / redemption.

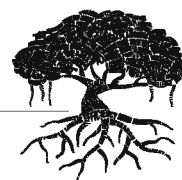
### h. Expenditure on Corporate Social Responsibility Activities (CSR Activities)

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

### i. Income Tax

- I. Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- II. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted, at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

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

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

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

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

### j. Earnings Per Share

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

### k. Cash Flow Statement

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

### l. Cash and Cash Equivalents

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

### m. Segment Reporting

#### I Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### II Allocation of common costs

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

### III Unallocated items

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

### IV Segment Policies

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

## n. Foreign Currency Translation

### I. Initial recognition

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

### II. Conversion

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

### III. Exchange differences

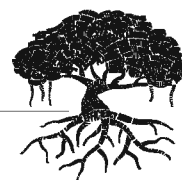
All exchange differences are dealt with in the Statement of Profit and Loss.

## o. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## p. Contingent Liability

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 3:

#### SHARE CAPITAL

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Nos.	(₹ in Lakhs)	Nos.	(₹ in Lakhs)
Authorised Equity Shares of ₹ 10 each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued and Subscribed Equity Shares of ₹ 10 each	97,08,650	970.87	97,08,650	970.87
Called Up and Paid Up Equity Shares of ₹ 10 each fully paid up	97,08,619	970.87	97,08,619	970.87
Share Capital Suspense Account* Equity Shares of ₹ 10 each fully paid up	31	-	31	-
<b>Total</b>	<b>97,08,650</b>	<b>970.87</b>	<b>97,08,650</b>	<b>970.87</b>

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

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Nos.	(₹ in Lakhs)	Nos.	(₹ in Lakhs)
Shares outstanding at the beginning of the year	97,08,650	970.87	97,08,650	970.87
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	97,08,650	970.87	97,08,650	970.87

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

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

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
India Capital Fund Limited	9,43,439	9.72%	9,43,439	9.72%
Mr. Atul Chandrakant Kirloskar #	16,35,300	16.84%	16,35,300	16.84%
Mr. Rahul Chandrakant Kirloskar # #	16,21,688	16.70%	16,21,688	16.70%
Mr. Gautam Achyut Kulkarni	16,30,358	16.79%	16,30,358	16.79%
Mrs. Arti Atul Kirloskar	7,09,648	7.31%	7,09,648	7.31%
Mrs. Jyostna Gautam Kulkarni	7,26,798	7.49%	7,26,798	7.49%
Mrs. Alpana Rahul Kirloskar	7,09,648	7.31%	7,09,648	7.31%

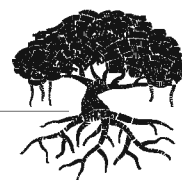
# Out of these, 16,35,275 (16,35,275) equity shares are held in the individual capacity and 25 (25) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

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

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

Particulars	Financial Year (Aggregate No. of Shares)				
	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Equity Shares :</b>					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares Bought Back	-	-	-	-	-

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


**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

	(₹ in Lakhs)	
	As at 31 March 2016	As at 31 March 2015
<b>NOTE 4:</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Reserve Fund:</b>		
In terms of Section 45 - IC of the Reserve Bank of India Act, 1934, (RBI Act) :		
Balance as per last account	-	3,004.73
Less: Transfer to surplus in the Statement of Profit and Loss	-	3,004.73
	-	-
<b>General Reserves:</b>		
Balance as per last account	32,261.91	32,261.91
Add: Transfer from surplus of Statement of Profit and Loss	-	-
<b>Closing Balance</b>	<b>32,261.91</b>	<b>32,261.91</b>
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Balance as per last account	36,000.59	30,674.33
Less: Depreciation	-	35.22
Add: Transfer from Reserve Fund created under Section 45-IC of RBI Act	-	3,004.73
Add: Net Profit transferred from the Statement of Profit and Loss	6,025.01	4,513.04
<b>Amount available for appropriation</b>	<b>42,025.60</b>	<b>38,156.88</b>
<b>Less: Appropriations:</b>		
Interim Dividend	1,941.73	-
Proposed Dividend	-	1,941.73
Dividend Distribution Tax on Interim / Proposed Dividend (Refer Note 33)	216.63	214.56
<b>Net surplus in the Statement of Profit and Loss</b>	<b>39,867.24</b>	<b>36,000.59</b>
<b>Total</b>	<b>72,129.15</b>	<b>68,262.50</b>
<b>NOTE 5:</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Security Deposits	1,589.89	44.64
<b>Total</b>	<b>1,589.89</b>	<b>44.64</b>
<b>NOTE 6:</b>		
<b>LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Gratuity	27.47	25.79
Leave Encashment	23.18	19.42
<b>Other provisions</b>		
Provision for Operation and Maintenance of Windmills	-	27.00
<b>Total</b>	<b>50.56</b>	<b>72.21</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

	(₹ in Lakhs)	
	As at 31 March 2016	As at 31 March 2015
<b>NOTE 7:</b>		
<b>TRADE PAYABLES</b>		
Transmission and Wheeling Charges	5.83	-
<b>Total</b>	<u>5.83</u>	<u>-</u>

**NOTE 8:**

**OTHER CURRENT LIABILITIES**

Investors Education and Protection Fund will be credited by the following amounts, as and when due

- Unclaimed Dividend on Equity shares*	107.84	63.25
- Unclaimed Fractional Entitlement	2.72	2.72

\* Includes ₹ 0.08 Lakhs (₹ 0.07 Lakhs) on 31 shares kept in abeyance on the directions of Special Court, which will not be transferred to Investors Education and Protection Fund

Tax deducted at Source, Service Tax and Works Contract Tax	4.25	2.54
Employee Benefits	22.62	18.43
Commission Payable to Directors	14.00	11.20
Creditors for expenses and others	35.59	38.67
Security Deposits	28.90	1,130.38
<b>Total</b>	<u>215.92</u>	<u>1,267.19</u>

**NOTE 9:**

**SHORT TERM PROVISIONS**

**Provision for employee benefits**

Gratuity	0.28	0.11
Leave Encashment	1.92	1.70

**Other Provisions**

Dividend on Equity shares [including Dividend Distribution Tax of ₹ Nil (31 March 2015 ₹ 214.65 Lakhs)] (Refer Note 33)	-	2,156.29
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<b>Total</b>	<u>2.20</u>	<u>2,158.10</u>
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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 10: FIXED ASSETS

(₹ in Lakhs)

Particulars	Tangible Assets (A)							Intangible Assets (B)	Total (A) + (B)	
	Plant and equipment		Furniture and Fixtures	Vehicles	Office Equipment	Computers & Peripherals	Electrical Installations			Total of (A)
	Wind power generators	Diesel Generator Set						Computer Software		
<b>Gross Block</b>										
Balance as at 1 April 2014	2,629.69	9.39	57.65	11.40	9.97	7.05	5.76	2,730.91	1.01	2,731.92
- Additions	-	-	1.36	-	3.93	2.06	-	7.35	-	7.35
- Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2015	2,629.69	9.39	59.01	11.40	13.90	9.11	5.76	2,738.26	1.01	2,739.27
- Additions	-	-	0.50	-	0.22	0.38	1.58	2.68	-	2.68
- Disposals / Adjustments	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2016</b>	<b>2,629.69</b>	<b>9.39</b>	<b>59.51</b>	<b>11.40</b>	<b>14.12</b>	<b>9.49</b>	<b>7.34</b>	<b>2,740.94</b>	<b>1.01</b>	<b>2,741.95</b>
<b>Accumulated Depreciation</b>										
Balance as at 1 April 2014	1,994.01	2.51	19.84	4.95	5.14	3.41	1.11	2,030.97	0.72	2,031.69
- Depreciation charge for the year	49.83	0.55	6.31	2.25	2.67	2.29	0.65	64.55	0.17	64.72
- On Disposals	-	-	-	-	-	-	-	-	-	-
Transferred to Retained Earnings	-	-	-	-	-	0.41	-	0.41	-	0.41
Balance as at 31 March 2015	2,043.84	3.06	26.15	7.20	7.81	6.11	1.76	2,095.93	0.89	2,096.82
- Depreciation charge for the year	49.97	0.55	5.81	2.25	2.69	1.76	0.66	63.69	0.11	63.80
- On Disposals / Adjustments	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2016</b>	<b>2,093.81</b>	<b>3.61</b>	<b>31.96</b>	<b>9.45</b>	<b>10.50</b>	<b>7.87</b>	<b>2.42</b>	<b>2,159.62</b>	<b>1.00</b>	<b>2,160.62</b>
<b>Net Block</b>										
Balance as at 31 March 2015	585.85	6.33	32.86	4.20	6.09	3.00	4.00	642.33	0.12	642.45
<b>Balance as at 31 March 2016</b>	<b>535.88</b>	<b>5.78</b>	<b>27.55</b>	<b>1.95</b>	<b>3.62</b>	<b>1.62</b>	<b>4.92</b>	<b>581.32</b>	<b>0.01</b>	<b>581.33</b>

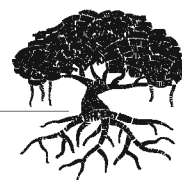


## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 11:

#### NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2016		As at 31 March 2015	
			Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
<b>A</b>	<b>Investment Properties</b>					
i	Land (at cost)					
	Opening Balance		15.32		15.32	
	Add: Purchased during the year		-		-	
	Less: Sold during the year		0.79		-	
	Closing Balance		14.53		15.32	
ii	Building (at cost less depreciation)					
	<b>(a) Gross Block</b>					
	Opening Balance		1,262.45		1,262.45	
	Add: Purchased during the year		-		-	
	Less: Disposals		-		-	
	Closing Balance		1,262.45		1,262.45	
	<b>(b) Accumulated Depreciation</b>					
	Opening Balance		619.12		556.56	
	Add: Depreciation for the year		24.87		27.75	
	Less: On disposals		-		-	
	Add: Transferred to Retained Earnings		-		34.81	
	Closing Balance		643.99		619.12	
	<b>Net Block of Building (a) - (b)</b>		618.46		643.33	
iii	<b>Total Investment Properties (i)+(ii)</b>		632.99		658.65	
<b>B</b>	<b>Trade Investments</b>					
1	<b>Quoted</b>					
	<b>Investment in Equity Instruments</b>					
	Fully Paid Equity Shares					
(a)	Investment In Subsidiary					
	Kirloskar Ferrous Industries Limited	5	7,06,13,876	17,499.77	7,06,13,876	17,499.77
	Extent of holding by the Company is 51.43% (31 March 2015: 51.43%)					
(b)	Others					
	Kirloskar Brothers Limited	2	1,89,88,038	28,170.90	1,89,88,038	28,170.90
	Kirloskar Brothers Investments Limited (Refer Note 27)	10	-	-	100	0.04
	Pneumatic Holdings Limited	10	100	0.01	-	-
	Kirloskar Pneumatic Company Limited	10	11,86,866	5,315.61	11,86,866	5,315.61
	Kirloskar Oil Engines Limited	2	82,10,439	16,981.03	55,06,519	8,039.17
	Swaraj Engines Limited	10	21,60,000	36.00	21,60,000	36.00
	Cummins India Limited #	2	683	-	683	-
	<b>Total</b>		68,003.32		59,061.49	


**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**
**NOTE 11:**
**NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED) (CONTD.)**

Sr. No.	Particulars	Face Value (Rs.)	As at 31 March 2016		As at 31 March 2015	
			Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
<b>2</b>	<b>UNQUOTED</b>					
	<b>Investment in Equity Instruments</b>					
	<b>Fully Paid Equity Shares</b>					
	<b>(a) Investment In Associate</b>					
	Kothrud Power Equipment Limited	10	-	-	9,92,143	99.21
	Less: Provision for diminution in value			-		99.21
	Extent of holding by the Company is Nil (31 March 2015 : 50%)			-		-
	(Refer Note 36)					
	<b>(b) Others</b>					
	Kirloskar Kenya Limited	K.S.1000	1,272	8.56	1,272	8.56
	The Mysore Kirloskar Limited (In liquidation)	10	1,13,460	27.33	1,13,460	27.33
	Less: Provision for diminution in value			27.33		27.33
				-		-
	<b>Total</b>			<b>8.56</b>		<b>8.56</b>
	<b>Total of Investments</b>			<b>68,644.87</b>		<b>59,728.70</b>

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
Aggregate amount of quoted investments		
Carrying Cost	68,003.32	59,061.49
Market Value	97,476.35	1,15,259.21
Aggregate amount of unquoted investments	8.56	8.56
Investment Property at carrying cost	632.99	658.65
Aggregate amount of diminution in value of investments	27.33	126.54

**Notes:**

# At carrying cost of ₹ 36.96

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

	(₹ in Lakhs)	
	As at 31 March 2016	As at 31 March 2015
<b>NOTE 12:</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
<b>Security Deposits</b>		
Unsecured, considered good:		
Electricity and Telephone Deposit	10.13	10.13
<b>Advances recoverable in cash or kind</b>		
Unsecured, considered good:		
Minimum Alternate Tax Credit Entitlement	230.94	336.01
Advance Income Tax	294.94	229.28
Net of Provision for Income Tax ₹ 5,351.20 Lakhs (₹ 4,535.41 Lakhs) and provision for Wealth Tax ₹ 145.44 Lakhs (₹ 145.44 Lakhs)		
	<u>536.01</u>	<u>575.42</u>
Unsecured, considered doubtful:	385.87	385.87
Less: Provision for Doubtful Advances	385.87	385.87
	-	-
<b>Total</b>	<u><u>536.01</u></u>	<u><u>575.42</u></u>

**NOTE 13:**

**OTHER NON-CURRENT ASSETS**

Fixed Deposits with banks due for realisation after 12 months from the reporting date (Refer Note 16)	200.00	180.00
Interest accrued on Deposits with Banks	0.04	0.04
<b>Total</b>	<u><u>200.04</u></u>	<u><u>180.04</u></u>

**NOTE 14:**

**CURRENT INVESTMENTS**

**Trade Investments (unquoted)**

**Current maturities of Long Term Investments \***

Investment in Debentures and Bonds

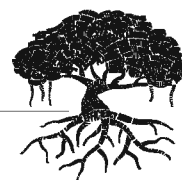
The Mysore Kirloskar Limited

(In liquidation)

	Face Value ₹	As at 31 March 2016 Nos.	(₹ in Lakhs)	As at 31 March 2015 Nos.	(₹ in Lakhs)
12.5% Secured Non Convertible Part "B" debentures of ₹ 44 each	100	30,000	13.20	30,000	13.20

Less: Provision for diminution in value			13.20		13.20
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<b>Total</b>			<u><u>-</u></u>		<u><u>-</u></u>
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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
Aggregate carrying cost of unquoted investments	-	-
Aggregate amount of diminution in value of investments	13.20	13.20

**Notes:**

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

**NOTE 15:****TRADE RECEIVABLES**

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
<b>For sale of wind power</b>		
<b>Unsecured, considered good:</b>		
Outstanding for a period exceeding six months from the due date of payment	-	-
Outstanding for a period less than six months from the due date of payment	45.58	-
<b>Total</b>	<b>45.58</b>	<b>-</b>

**NOTE 16:****CASH AND BANK BALANCES****Cash and Cash Equivalents****Balances with Banks:**

On Current Accounts	17.46	12.44
Fixed Deposits having original maturity less than 3 months	40.00	40.00
<b>Earmarked balances:</b>		
Unclaimed dividend accounts	107.76	63.18
Unclaimed fractional shareholdings account	2.72	2.72
Cash on hand	0.06	0.04
	<b>168.00</b>	<b>118.38</b>

**Other Bank Balances:**

Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date	4,217.33	10,863.95
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**Non-current:**

Fixed Deposits with banks due for realisation after 12 months from the reporting date	200.00	180.00
Less: Disclosed under Other Non-Current Assets (Refer Note 13)	(200.00)	(180.00)

<b>Total</b>	<b>4,385.33</b>	<b>10,982.33</b>
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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(₹ in Lakhs)

As at 31 March 2016      As at 31 March 2015

**NOTE 17:**

**SHORT TERM LOANS AND ADVANCES**

**Unsecured, considered good:**

Prepaid Expenses	5.06	40.84
Service Tax Credit Receivable	12.87	12.69
	17.93	53.53

**Unsecured, considered doubtful:**

Receivable from associate company	-	1.34
Less: Provision	-	1.34
	-	-

**Others:**

**Unsecured, considered good:**

Advance for Repairs of building	22.25	-
Others	0.24	-
<b>Total</b>	<b>40.42</b>	<b>53.53</b>

**NOTE 18:**

**OTHER CURRENT ASSETS**

Unbilled revenue from Wind power	486.76	276.91
Interest accrued on deposits with banks	129.46	462.98
Transmission and Wheeling charges recoverable from MSEDCL	38.66	-
Other receivable	0.93	0.89
<b>Total</b>	<b>655.81</b>	<b>740.78</b>

**NOTE 19:**

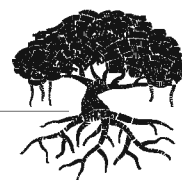
**REVENUE FROM OPERATIONS**

Sale of Wind power (Refer Note 26)	426.39	294.03
Sale of Renewable Energy Credit	48.65	45.00
<b>Total</b>	<b>475.04</b>	<b>339.03</b>

**NOTE 20:**

**OTHER INCOME**

Interest on Bank Deposits	671.43	843.47
Dividend income - Non current Investments:		
From Subsidiary Company	1,765.35	882.67
From Other Companies	1,739.43	1,631.42
Gain on sale of long term investment properties	111.91	-
Other non-operating income:		
Property licensing fees	2,862.17	2,334.84
Provisions no longer required written back	27.59	216.36
Miscellaneous income	17.01	-
<b>Total</b>	<b>7,194.89</b>	<b>5,908.76</b>


**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

(₹ in Lakhs)

	2015-16	2014-15
<b>NOTE 21:</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and incentives	95.71	89.24
Contributions to :		
Provident Fund and Labour Welfare Fund	5.09	5.09
Superannuation	5.31	5.25
Gratuity	1.85	5.65
Staff welfare expenses	1.78	1.83
<b>Total</b>	<b>109.74</b>	<b>107.06</b>

**NOTE 22:**
**OPERATING AND OTHER EXPENSES**
**A. Operating Expenses**

Operation and Maintenance Charges - Windmill*	35.45	41.77
Transmission and Wheeling Charges	47.57	-
Cross Subsidy Charges	-	1.96
<b>Sub Total</b>	<b>83.02</b>	<b>43.73</b>

**B. Other Expenses**

Security Expenses	214.60	238.36
Legal and Professional Fees	71.15	113.87
Repairs and Maintenance :-		
Property	60.43	25.32
Other Assets	3.22	2.66
Garden and Site Maintenance	46.33	45.68
Rates and Taxes	21.23	20.37
Printing and Stationery Expenses	9.92	8.73
Postage and Courier Charges	5.07	4.21
Advertisement and Publicity	4.39	4.87
Commission to Directors	14.00	11.20
Directors Sitting Fees	7.11	5.60
Travelling Expenses	2.15	3.89
Insurance Charges	6.58	4.50
Investments and Advance written off	100.55	486.89
Provision no longer required written back (Refer Note 36)	(100.55)	(486.89)
Provision for Doubtful Debts	-	0.21
Bad Debts	-	5.44
Membership Subscription	5.95	4.10
Miscellaneous Expenses	11.86	12.37
Payment to Auditors for:		
Statutory Audit	2.25	2.25
Limited Review	2.25	2.25
Tax Audit	0.75	0.75
Certification	1.35	1.10
<b>Total</b>	<b>573.61</b>	<b>561.46</b>

\* Operation and Maintenance Charges are net of the estimated value of services of ₹ 10.02 Lakhs rendered in settlement of the Company's claim on the service provider, Wind World (India) Limited.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

	(₹ in Lakhs)	
	2015-16	2014-15
<b>NOTE 23:</b>		
<b>DEPRECIATION AND AMORTISATION EXPENSE *</b>		
On Fixed Assets (Refer Note 10)	63.80	64.72
On Investment Property (Refer Note 11)	24.87	27.75
<b>Total</b>	<b>88.67</b>	<b>92.47</b>

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

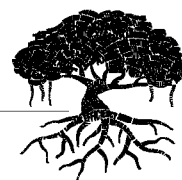
**NOTE 24:**  
**CONTINGENT LIABILITIES**

		(₹ in Lakhs)	
Sr. No.	Particulars	As at 31 March 2016	As at 31 March 2015
(a)	Service tax demands	2.92	157.86
(b)	Disputed Income tax demand Out of this, ₹ 417.40 Lakhs (₹ 238.68 Lakhs) paid under protest	417.40	241.04
(c)	Claims against the Company not acknowledged as debt		
	- Development charges demanded by PMC	----	141.21
	- Wind World (India) Limited Counterclaim in respect of Windmill (Settled during the year)	----	293.21
(d)	Conveyance deed charges in respect of property	21.51	21.51

**NOTE 25:**  
**EXPENDITURE AND EARNINGS IN FOREIGN CURRENCIES**

		(₹ in Lakhs)	
Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015	
Earnings - Dividend	8.30	6.54	




**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**
**NOTE 26:**
**DETAILS OF LICENSED AND INSTALLED CAPACITY, PRODUCTION, INVENTORY AND TURNOVER:**
**(a) Licensed and installed capacity and production**

(₹ in Lakhs)

Class of Goods	Units	Licensed capacity		Installed capacity ##		Production meant for sale	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Wind-power units	KwH (in Lakhs)	N.A.	N.A.	112.00	112.00	89.93	80.89

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

**(b) Inventory (at cost)**

(₹ in Lakhs)

Class of Goods	Units	2015-16		2014-15	
		Nos.	Amount	Nos.	Amount
Renewable Energy Certificates (RECs)	Units	9,593	1.30	10,085	1.52
REC under certification	Units	901	0.10	-	-

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

(₹ in Lakhs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Depreciation	49.97	49.83
Operation and Maintenance cost	35.45	41.77

**(d) Turnover**

(₹ in Lakhs)

Sr. No.	Class of Goods	Units	2015-16		2014-15	
			Nos.	Amount	Nos.	Amount
1	Wind-Power Units	KwH (in Lakhs)	89.93	426.39#	92.38*	294.03
2	Renewable Energy Certificates (RECs)	Units	3,243	48.65	3,000	45.00
	<b>Total</b>			<b>475.04</b>		<b>339.03</b>

\* Includes 11.49 Lakhs units wheeled during FY 2013-14, revenue in respect of which has been recognised in FY 2014-15, in view of Circular issued by MSEDCL.

# Includes accounting of revenue of ₹ 42.87 Lakhs in respect of 80.89 Lakhs units for FY 2014-15, due to upward revision in its purchase rate as communicated by MSEDCL.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 27:

Consequent to demerger of Kirloskar Brothers Investments Limited (KBIL) during the year, the Company has been allotted 100 equity shares of Pneumatic Holdings Limited (PHL) (face value ₹ 10) and 1,520 equity shares of Kirloskar Oil Engines Limited (KOEL) (face value ₹ 2). The carrying cost of equity shares in KBIL has been allocated proportionately to shares of PHL and KOEL on the basis of face value.

### NOTE 28:

#### EMPLOYEE BENEFITS:

##### (a) Defined Contribution Plans:

The Company has contributed ₹ 10.40 Lakhs (₹ 10.34 Lakhs for 31 March 2015) towards Defined Contribution Plans i.e., Provident Fund Contribution and Superannuation Scheme.

##### (b) Gratuity

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

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

#### i. Statement of Profit and Loss:

##### Included in employee cost

##### Gratuity

(₹ in Lakhs)

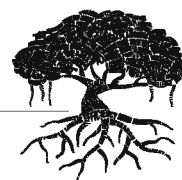
Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
a. Current Service Cost	2.06	2.02
b. Past Service Cost	----	----
c. Interest Cost	2.02	1.86
d. Expected return on Plan Assets	NA	NA
e. Net Actuarial (Gains)/losses recognised in the year	(2.23)	1.77
f. Total included in “Employee Cost”	1.85	5.65

#### ii. Balance Sheet (details of provision for gratuity)

##### Gratuity

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
a. Present value of Defined Benefit obligation as at the end of the year	27.75	25.90
b. Fair value of Plan Assets as at the end of the year	NA	NA
<b>c. Funded / (Unfunded) Status</b>	<b>(27.75)</b>	<b>(25.90)</b>
d. Current Liability	0.28	0.11
e. Non-Current Liability	27.47	25.79
f. Unrecognised Actuarial (gains)/losses	NIL	NIL
<b>g. Net (Liability) / Asset</b>	<b>(27.75)</b>	<b>(25.90)</b>


**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**
**iii. Changes in the present value of the defined benefit obligation:**
**Gratuity**

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
a. Present value of Defined Benefit obligation at the beginning of the year	25.90	20.25
b. Interest cost	2.02	1.86
c. Past service cost	---	---
d. Current service cost	2.06	2.02
e. Benefits paid	---	---
f. Actuarial Losses / (Gains)	(2.23)	1.77
g. Present value of Defined Benefit obligation at the close of the year	27.75	25.90

**iv. The principal assumptions used in determining gratuity obligations for the Company's plan as at 31 March 2016:**
**Gratuity**

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
a. Discount Rate	8.00%	7.80%
b. Rate of increase in compensation cost	7.50%	7.50%
c. Expected average remaining working lives of employees (years)	11.86*	11.62*

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

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

(₹ in Lakhs)

Particulars	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined benefit obligation	27.75	25.90	20.25	20.67	18.73
Plan assets	NA	NA	NA	NA	NA
Surplus / (deficit)	(27.75)	(25.90)	(20.25)	(20.67)	(18.73)
Experience adjustments on plan liabilities (loss) / gain	1.79	1.72	1.49	1.95	(25.96)
Experience adjustments on plan assets (loss) / gain	NIL	NIL	NIL	NIL	NIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

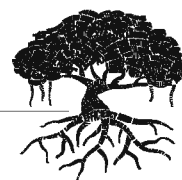
### NOTE 29:

#### SEGMENT REPORTING

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

(₹ in Lakhs)

Particulars		Year ended	
		31 March 2016	31 March 2015
<b>1</b>	<b>Segment Revenue</b>		
A	- Wind power generation	515.50	339.04
B	- Investments (Securities and Properties)	7,154.21	5,692.40
	<b>Net Sales / Income from Operations</b>	<b>7,669.71</b>	<b>6,031.44</b>
<b>2</b>	<b>Segment Results</b>		
	Profit (+) / Loss (-) before tax and interest from each segment		
A	- Wind power generation	340.87	218.62
B	- Investments (Securities and Properties)	6,558.48	5,090.01
	<b>Total</b>	<b>6,899.35</b>	<b>5,308.63</b>
	<b>Add / (Less):</b>		
	Other Unallocable income / (expenditure) net of unallocable (expenditure) / income	(61.53)	120.18
	<b>Total Profit Before Tax</b>	<b>6,837.82</b>	<b>5,428.81</b>
<b>3</b>	<b>Total carrying amount of segment / corporate assets</b>		
A	- Wind power generation	1,113.24	901.64
B	- Investments (Securities and Properties)	73,334.13	71,365.86
C	- Unallocable corporate assets	643.42	637.27
	<b>Total Assets</b>	<b>75,090.79</b>	<b>72,904.77</b>
<b>4</b>	<b>Total amount of segment / corporate liabilities</b>		
A	- Wind power generation	14.09	31.24
B	- Investments (Securities and Properties)	1,727.23	1,261.58
C	- Unallocable corporate liabilities	249.45	2,378.58
	<b>Total Liabilities</b>	<b>1,990.77</b>	<b>3,671.40</b>
<b>5</b>	<b>Capital Employed</b>		
	(Segment Assets - Segment Liabilities)		
A	- Wind power generation	1,099.15	870.40
B	- Investments (Securities and Properties)	71,606.90	70,104.28
C	- Unallocable corporate assets less liabilities	393.97	(1,741.31)
	<b>Total capital employed in the Company</b>	<b>73,100.02</b>	<b>69,233.37</b>
<b>6</b>	<b>Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period</b>		
A	- Wind power generation	0.18	0.42
B	- Investments (Securities and Properties)	2.50	6.93
C	- Unallocable corporate assets	-	-
	<b>Total assets acquired</b>	<b>2.68</b>	<b>7.35</b>
<b>7</b>	<b>Depreciation and Amortisation</b>		
A	- Wind power generation	50.69	50.49
B	- Investments (Securities and Properties)	35.73	39.73
C	- Unallocable corporate depreciation	2.25	2.25
	<b>Total Depreciation and Amortisation</b>	<b>88.67</b>	<b>92.47</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 30:

#### RELATED PARTY DISCLOSURE

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

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

<b>1. Subsidiary</b>		
- Kirloskar Ferrous Industries Limited		
<b>2. Associate Companies</b>		
- Kothrud Power Equipment Limited (Written off during the year 2015-16)		
<b>3. Key Management Personnel and their relatives</b>		
<b>Key Management Personnel</b>		<b>Relatives of Key Management Personnel and relationship</b>
<b>Name</b>	<b>Designation</b>	
Aditi V. Chirmule	Executive Director	None

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

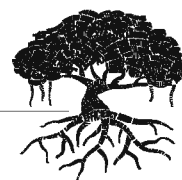
### Related Party Transactions:

(₹ in Lakhs)

Nature of transaction	Year	Subsidiary	Associate	Key Management Personnel
Reimbursement of expenses given	<b>2015-16</b>	<b>0.02</b>	<b>0.60</b>	--
	2014-15	--	0.21	--
Expenses rendering of services	<b>2015-16</b>	--	--	<b>50.03#</b>
	2014-15	--	--	49.48#
Reimbursement of expenses received from	<b>2015-16</b>	--	<b>3.40</b>	--
	2014-15	--	--	--
Dividend received	<b>2015-16</b>	<b>1,765.35</b>	--	--
	2014-15	882.67	--	--
Licensing fees received	<b>2015-16</b>	<b>4.80</b>	--	--
	2014-15	4.80	--	--
Investment / Advance written off	<b>2015-16</b>	--	<b>100.55</b>	--
	2014-15	--	--	--
Provision for diminution in investment and provision for advance given written back	<b>2015-16</b>	--	<b>100.55</b>	--
	2014-15	--	--	--
<b>Outstanding as at 31 March</b>				
Receivable	<b>2016</b>	--	--	--
	2015	--	1.34	--
Provisions	<b>2016</b>	--	--	--
	2015	--	1.34	--
Payable	<b>2016</b>	<b>2.40</b>	--	<b>15.00</b>
	2015	2.40	--	12.50
Investments	<b>2016</b>	<b>17,499.77</b>	--	--
	2015	17,499.77	*	--

# As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Executive Director are not included above.

\* At Carrying Cost of ₹ 1.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 31:

#### LICENSING FEES

The Company has given land and buildings on leave and license. The details of future minimum license fees receivable are as under:

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Minimum License Fees Receipts:</b>		
Not later than one year	3,212.06	1,017.76
Later than one year but not later than five years	4,474.35	137.94
Later than five years	-	-
<b>Total</b>	<b>7,686.41</b>	<b>1,155.70</b>

### NOTE 32:

#### EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Net Profit after tax as per the Statement of Profit and Loss (₹ in Lakhs) (A)	6,025.01	4,513.04
Total number of equity shares at the end of the year (B)	97,08,650	97,08,650
Basic and Diluted Earnings Per Share (in ₹) (Nominal value of ₹ 10 per share) (A) / (B)	62.05	46.48

### NOTE 33:

The Company is satisfying all the conditions of Section 115-O (1A) of the Income Tax Act, 1961; for claiming reduction of the dividend, if any, declared by the subsidiary viz. Kirloskar Ferrous Industries Limited from the dividend, if any, declared by the Company.

For the current year, accounting for Dividend Distribution Tax (DDT) made is arrived at after considering the Company's share in Dividend Distribution Tax on dividend declared by the subsidiary.

### NOTE 34:

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

### NOTE 35:

#### DEFERRED TAX LIABILITIES / (ASSETS) (NET)

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

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Deferred Tax Liabilities</b>		
- Fixed Assets	144.57	143.39
<b>Deferred Tax Assets</b>		
- Disallowances under Income Tax Act, 1961	18.29	14.13
<b>Deferred Tax Liability / (Asset)(Net)</b>	<b>126.28</b>	<b>129.26</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 36:

Investment in Kothrud Power Equipment Limited of ₹ 99.21 Lakhs has been written off and provision for diminution in value of the said investment of ₹ 99.21 Lakhs has been written back as no longer required.

### NOTE 37:

#### EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (CSR ACTIVITIES)

- a. As per Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 55.81 Lakhs as expenditure on CSR Activities during the FY 2015-16.
- b. Details of amount spent during the year on:

(₹ in Lakhs)

Sr. No.	Particulars	Amount already incurred	Amount yet to be incurred	Total
(i)	Construction / acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	56.50	-	56.50
	<b>Total</b>	<b>56.50</b>	<b>-</b>	<b>56.50</b>

### NOTE 38:

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

(₹ in Lakhs)

Name of the Company	Loans and Advances		Investments	
	Amount outstanding as at 31 March 2016	Maximum balance outstanding during the year	Amount outstanding as at 31 March 2016	Maximum balance outstanding during the year
<b>Subsidiary</b> Kirloskar Ferrous Industries Limited	--	--	17,499.77	17,499.77
<b>Associate</b> Kothrud Power Equipment Limited	#	-	#	-

# written off during the year (Fully provided for during earlier years)

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

### NOTE 39:

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

As per our attached report of even date

For and on behalf of the Board of Directors

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

**ATUL C. KIRLOSKAR**  
Chairman  
DIN 00007387

**ADITI V. CHIRMULE**  
Executive Director  
DIN 01138984

**C. M. DIXIT**  
Partner  
Membership Number: 17532

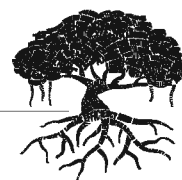
**ASHWINI V. MALI**  
Company Secretary  
ACS 19944

**JASVANDI M. DEOSTHALE**  
Chief Financial Officer  
ACA 111693

Pune: 24 May 2016

Pune: 24 May 2016



**Form AOC-1****STATEMENT PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT, 2013, RELATING TO SUBSIDIARY COMPANIES :****Part "A" : Subsidiaries**

(₹ in Lakhs)

Sr. No.	Name of the Subsidiaries	Kirloskar Ferrous Industries Limited
		March 31, 2016
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting Period	NA
2	Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA
3	Share Capital	6,865.40
4	Reserves and Surplus	42,337.99
5	Total Assets	85,655.56
6	Total Liabilities	36,452.17
7	Investments	-
8	Turnover	1,11,393.04
9	Profit Before Taxation	8,522.56
10	Provision for Taxation	2,749.13
11	Profit After Taxation	5,773.43
12	Proposed dividend	-
13	% of Shareholding	51.43%

As per our attached report of even date

For and on behalf of the Board of Directors

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

**ATUL C. KIRLOSKAR**  
Chairman  
DIN 00007387

**ADITI V. CHIRMULE**  
Executive Director  
DIN 01138984

**C. M. DIXIT**  
Partner  
Membership Number: 17532

**ASHWINI V. MALI**  
Company Secretary  
ACS 19944

**JASVANDI M. DEOSTHALE**  
Chief Financial Officer  
ACA 111693

Pune: 24 May 2016

Pune: 24 May 2016

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

**Part "B" : Associates and Joint Ventures**

<b>Name of Associate</b>	<b>Kothrud Power Equipment Limited</b>
<b>1. Latest Audited Balance Sheet Date</b>	<b>31.03.2015</b>
<b>2. Shares of Associate held by the Company on the year end</b>	
No.	<b>9,92,143</b>
Amount of Investment in Associate (Refer notes below) (₹ in Lakhs)	<b>99.21</b>
Extent of Holdings %	<b>50</b>
<b>3. Description of how there is significant influence</b>	<b>Significant influence by holding more than 20% of shares</b>
<b>4. Reason why the Associate is not consolidated</b>	<b>NA</b>
<b>5. Networth attributable to shareholding as per latest Audited Balance Sheet (₹ in Lakhs)</b>	<b>(0.28)</b>
<b>6. Profit / (Loss) For the Year (₹ in Lakhs) (Refer notes below)</b>	<b>0.61</b>
i. Considered in Consolidation	<b>NIL</b>
ii. Not considered in Consolidation	<b>NA</b>

**Notes :**

1. During the year 2015-16, the investments in the associate which were fully provided for have been written off and the provision has been written back in the Standalone Financial Statements. The share of losses in the associate do not warrant a separate recognition in the Consolidated Financial Statements since the carrying amount of investment is NIL consequent to the write off as stated above.
2. The financial statements of an associate as at March 31, 2016, considered in Consolidated Financial Statements as on that date are unaudited and have been certified by the management of the associate.
3. For the Financial Year ending March 31, 2016, the Company has no Joint Venture.

As per our attached report of even date

For and on behalf of the Board of Directors

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

**ATUL C. KIRLOSAR**  
Chairman  
DIN 00007387

**ADITI V. CHIRMULE**  
Executive Director  
DIN 01138984

**C. M. DIXIT**  
Partner  
Membership Number: 17532

**ASHWINI V. MALI**  
Company Secretary  
ACS 19944

**JASVANDI M. DEOSTHALE**  
Chief Financial Officer  
ACA 111693

Pune: 24 May 2016

Pune: 24 May 2016



# CONSOLIDATED FINANCIAL STATEMENTS

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## **Independent Auditors' Report**

**To,**

### **The Members of Kirloskar Industries Limited**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements of Kirloskar Industries Limited ("the Holding Company"), its subsidiary (Kirloskar Ferrous Industries Limited) (the Holding Company and its subsidiary together referred to as "the Group") and its associate (Kothrud Power Equipment Limited) comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information ("the Consolidated Financial Statements").

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

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2016 and their Consolidated Profit and their Consolidated Cash Flows for the year ended on that date.

**Other Matters**

We did not audit the Financial Statements of Subsidiary, whose Financial Statements reflect total assets of ₹ 85,653.16 Lakhs as at March 31, 2016, total revenues of ₹ 1,11,617.82 Lakhs and net cash flows amounting to ₹ 1,361.30 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements.

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

The Consolidated Financial Statements also include the Group's share of net loss of ₹ NIL for the year ended March 31, 2016, as considered in the Consolidated Financial Statements, in respect of its associate, Kothrud Power Equipment Limited whose Financial Statements have not been audited by us.

These Financial Statements are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate and our report in terms of Sub-Sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate is based solely on such Unaudited Financial Statements. In our opinion and according to the information and explanations given to us by the management, these Financial Statements are not material to the Group.

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

**Report on Other Legal and Regulatory Requirements**

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidation of the Financial Statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016, taken on record by the Board of Directors of the Holding Company and the report of the Statutory Auditor of its subsidiary, none of the directors of the Group companies, is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting refer to our separate report in "Annexure 1" to this Report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group, Refer Note 35 to the Consolidated Financial Statements;
  - ii. The Group did not have any material foreseeable losses in 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 Group.

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration No: 100515W

sd/-  
**C. M. DIXIT**  
Partner  
Membership Number: 17532

Pune : 24 May 2016

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## **"Annexure 1" to the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Kirloskar Industries Limited**

**Report on the Internal Financial Controls under clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013, ("the Act")**

### **To The Members of Kirloskar Industries Limited**

In conjunction with our audit of the Consolidated Financial Statements of Kirloskar Industries Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Kirloskar Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiary as of that date.

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

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

### **Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Holding Company and its subsidiary have maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

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

**For G. D. APTE & CO.**

Chartered Accountants

Firm Registration No: 100515W

sd/-

**C. M. DIXIT**

Partner

Membership Number: 17532

Pune : 24 May 2016

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

(₹ in Lakhs)

	Note No.	As at 31 March 2016	As at 31 March 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	970.87	970.87
(b) Reserves and surplus	4	79,934.83	75,047.93
<b>2 Minority Interest</b>			
		23,897.95	22,100.93
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	5	-	1,000.00
(b) Deferred tax liability (Net)	6	8,016.71	7,435.18
(c) Other Long-term liabilities	7	1,587.49	44.64
(d) Long-term provisions	8	50.65	72.21
<b>4 Current liabilities</b>			
(a) Short-term borrowings	9	9,824.46	7,249.84
(b) Trade payables	10	13,683.00	20,434.12
(c) Other current liabilities	11	4,824.58	10,118.50
(d) Short-term provisions	12	453.64	3,710.62
<b>TOTAL</b>		<b>143,244.18</b>	<b>148,184.84</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
- Tangible assets	13	55,183.33	54,509.65
- Intangible assets	13	416.38	318.69
- Capital work-in-progress		807.62	3,042.74
- Intangible under development		-	82.30
(b) Non-current investments	14	51,145.10	42,228.93
(c) Long-term loans and advances	15	3,656.17	3,668.60
(d) Other non-current assets	16	205.04	184.71
<b>2 Current assets</b>			
(a) Current investments	17	-	-
(b) Inventories	18	9,299.86	11,835.09
(c) Trade receivables	19	13,990.42	17,650.37
(d) Cash and Bank Balances	20	4,987.03	11,992.88
(e) Short-term loans and advances	21	2,825.16	1,865.88
(f) Other current assets	22	728.07	805.00
<b>TOTAL</b>		<b>143,244.18</b>	<b>148,184.84</b>

Notes forming part of the Consolidated Financial Statements:

Note No.  
1 to 42

As per our attached report of even date

For and on behalf of the Board of Directors

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

**ATUL C. KIRLOS KAR**  
Chairman  
DIN 00007387

**ADITI V. CHIRMULE**  
Executive Director  
DIN 01138984

**C. M. DIXIT**  
Partner  
Membership Number: 17532

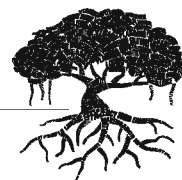
**ASHWINI V. MALI**  
Company Secretary  
ACS 19944

**JASVANDI M. DEOSTHALE**  
Chief Financial Officer  
ACA 111693

Pune: 24 May 2016

Pune: 24 May 2016




**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED  
31 MARCH 2016**

(₹ in Lakhs)

	Note No.	2015-16	2014-15
<b>I. Revenue from operations (Gross)</b>	23	<b>1,26,545.70</b>	1,54,191.86
Less : Excise Duty		<b>14,677.62</b>	17,343.60
Revenue from operations (Net)		<b>1,11,868.08</b>	1,36,848.26
<b>II. Other income</b>	24	<b>5,649.53</b>	5,332.27
<b>III. Total Revenue (I + II)</b>		<b>1,17,517.61</b>	1,42,180.53
<b>IV. Expenses:</b>			
Cost of material consumed	25	<b>58,195.70</b>	82,669.22
Changes in inventories of finished goods, work-in-progress and by-product	26	<b>1,044.47</b>	(305.86)
Cost of Renewable Energy Credit		<b>3.59</b>	2.99
Employee benefits expense	27	<b>7,201.94</b>	6,626.31
Finance costs	28	<b>2,383.02</b>	2,979.87
Operating and other expenses	29	<b>30,381.92</b>	33,124.75
Depreciation and amortisation expense	30	<b>4,525.28</b>	5,134.36
Corporate Social Responsibility activities		<b>186.63</b>	218.25
<b>V Total Expenses</b>		<b>1,03,922.55</b>	1,30,449.89
<b>VI Profit before exceptional and extraordinary items and tax (III-V)</b>		<b>13,595.06</b>	11,730.64
<b>VII Exceptional Items</b>		-	-
<b>VIII Profit before extraordinary items and tax (VI-VII)</b>		<b>13,595.06</b>	11,730.64
<b>IX Extraordinary Items</b>		-	-
<b>X Profit / (Loss) before tax (VIII-IX)</b>		<b>13,595.06</b>	11,730.64
<b>XI Tax expense / (income):</b>			
Current Year		<b>2,980.42</b>	2,312.86
Deferred Tax		<b>581.53</b>	1,017.55
MAT Credit Entitlement		-	(157.83)
<b>Total</b>		<b>3,561.95</b>	3,172.58
<b>XII Profit / (Loss) for the year (X-XI)</b>		<b>10,033.11</b>	8,558.06
<b>XIII Less: Minority Interest</b>		<b>2,804.16</b>	2,393.35
<b>XIV Share of Profit / (Loss) of Associate (Refer Note 33)</b>		-	-
<b>XV Profit / (Loss) after tax, minority interest and share of associate</b>		<b>7,228.95</b>	6,164.71
<b>XVI Earnings per equity share [Nominal value of Share ₹ 10 (₹ 10)]</b>			
Basic & Diluted		<b>74.45</b>	63.49

**Notes forming part of the Consolidated Financial Statements:**

 Note No.  
1 to 42

As per our attached report of even date

For and on behalf of the Board of Directors

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

**ATUL C. KIRLOSKAR**  
Chairman  
DIN 00007387

**ADITI V. CHIRMULE**  
Executive Director  
DIN 01138984

**C. M. DIXIT**  
Partner  
Membership Number: 17532

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Chief Financial Officer  
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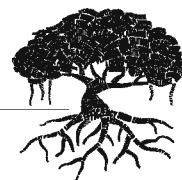
Pune: 24 May 2016

Pune: 24 May 2016

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(₹ in Lakhs)

	2015-16	2014-15
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax:	13,595.06	11,730.64
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Add:		
Depreciation / amortisation	4,525.28	5,134.36
(Profit) / Loss on sale of assets	1.12	169.98
Provision for Doubtful Advances / Debts	14.48	205.30
Bad debts writtenoff	60.47	16.96
Unrealised Foreign exchange (Gain) / Loss	(17.07)	4.97
Finance Costs	2,383.02	2,979.88
<b>Sub total</b>	<b>6,967.30</b>	<b>8,511.45</b>
Less:		
Profit on sale of investment (Net)	111.91	-
Provisions no longer required, written back	84.33	262.23
Interest earned	765.61	1,011.33
Dividend on investments	1,739.43	1,631.42
Income from Property Licensing Fees	2,857.37	2,330.04
Rental income	21.08	18.23
Sundry credit balances appropriated	-	6.63
<b>Sub total</b>	<b>5,579.73</b>	<b>5,259.88</b>
<b>Operating profit before working capital changes</b>	<b>14,982.63</b>	<b>14,982.21</b>
<b>Changes in working capital</b>		
Increase / (Decrease) in trade payables	(6,802.46)	(4,261.97)
Increase / (Decrease) in long term provisions	5.44	8.50
Increase / (Decrease) in short term provisions	129.94	153.97
Increase / (Decrease) in other current liabilities	(126.31)	(341.97)
Decrease / (Increase) in trade receivables	3,584.99	1,161.44
Decrease / (Increase) in inventories	2,535.21	4,395.48
Decrease / (Increase) in long - term loans and advances	(155.14)	134.66
Decrease / (Increase) in short - term loans and advances	(959.27)	1,031.62
Decrease / (Increase) in other current assets	(8.53)	(35.98)
Decrease / (Increase) in other current and non current assets	(249.64)	223.41
<b>Sub total</b>	<b>(2,045.77)</b>	<b>2,469.16</b>
<b>Net cash generated / (utilised) from operations</b>	<b>12,936.86</b>	<b>17,451.37</b>
Direct taxes paid	(2,576.49)	(1,895.65)
<b>NET CASH GENERATED / (UTILISED) FROM OPERATING ACTIVITIES</b>	<b>10,360.37</b>	<b>15,555.72</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of investments	112.70	-
Sale of fixed assets	13.75	(99.74)
Interest received	1,100.45	850.16
Dividend received	1,739.43	1,631.40
Property Licensing Fees	2,857.33	2,329.86
Security deposit	443.77	1.09
Rental income	21.08	18.23
<b>Sub total</b>	<b>6,288.51</b>	<b>4,731.00</b>


**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

(₹ in Lakhs)

	2015-16	2014-15
Less:		
Purchase of investments	(8,941.83)	-
Investments in bank deposits (having original maturity of more than three months)	6,626.62	(4,556.05)
Purchase of fixed assets, including CWIP and capital advance	(3,369.11)	(5,752.23)
<b>Sub total</b>	<b>(5,684.32)</b>	<b>(10,308.28)</b>
<b>NET CASH GENERATED / (UTILISED) FROM INVESTING ACTIVITIES</b>	<b>604.19</b>	<b>(5,577.28)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(2,354.63)	(2,895.13)
Proceeds from long term borrowings (Net)	(5,023.10)	(3,523.10)
Increase in cash credit	2,574.62	(1,255.61)
Increase / (Decrease) in short term vendors' bill discounting	-	(910.73)
Dividend paid	(5,380.92)	(1,223.27)
Tax on dividend	(1,139.75)	(291.69)
Fractional shareholding entitlement paid	-	(0.01)
<b>NET CASH GENERATED / (UTILISED) IN FINANCING ACTIVITIES</b>	<b>(11,323.78)</b>	<b>(10,099.54)</b>
<b>D. Net Increase / (Decrease) In Cash and Cash equivalents</b>	<b>(359.22)</b>	<b>(121.10)</b>
<b>E. Cash and Cash equivalents at the beginning of the year</b>	<b>1,128.92</b>	<b>1,250.02</b>
Add: on account of addition on acquisition of subsidiary	-	-
<b>Adjusted Cash and Cash equivalents at the beginning of the year after addition of balances of subsidiary</b>	<b>1,128.92</b>	<b>1,250.02</b>
<b>F. Cash and Cash equivalents at the end of the year</b>	<b>769.70</b>	<b>1,128.92</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on hand	5.17	4.13
With banks -		
- on current account	278.38	808.51
- on deposit account	40.00	40.00
- unclaimed dividend accounts / fractional entitlement *	446.15	276.28
<b>Total Cash and Cash equivalents</b>	<b>769.70</b>	<b>1,128.92</b>

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

**Notes:**

- The above Cash Flow Statement have been prepared under the indirect method setout in Accounting Standard (AS)-3, 'Cash Flow Statement' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- All figures in brackets indicate outflow.

As per our attached report of even date

For and on behalf of the Board of Directors

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

**ATUL C. KIRLOSKAR**  
Chairman  
DIN 00007387

**ADITI V. CHIRMULE**  
Executive Director  
DIN 01138984

**C. M. DIXIT**  
Partner  
Membership Number: 17532

**ASHWINI V. MALI**  
Company Secretary  
ACS 19944

**JASVANDI M. DEOSTHALE**  
Chief Financial Officer  
ACA 111693

Pune: 24 May 2016

Pune: 24 May 2016

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016.

### SIGNIFICANT ACCOUNTING POLICIES

#### NOTE 1:

##### BASIS OF PREPARATION

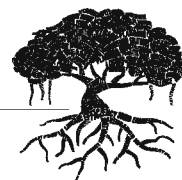
The Consolidated Financial Statements relate to Kirloskar Industries Limited (the Company), its subsidiary and an associate. The Company and its subsidiary constitute the Group. The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in India,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

#### NOTE 2:

##### 1. BASIS OF CONSOLIDATION

- i. The Financial Statements of the Subsidiary and an Associate used in the consolidation are drawn up to the same reporting date as of the Company i.e., year ended March 31, 2016 and are prepared based on the accounting policies consistent with those used by the Company.
- ii. The Financial Statements of the group have been prepared in accordance with the AS 21- 'Consolidated Financial Statements' and AS 23- 'Accounting for Investments in Associates in Consolidated Financial Statements' as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Act and other generally accepted accounting principles in India.
- iii. The Consolidated Financial Statements have been prepared on following basis:
  - a. The Financial Statements of the Company and its subsidiary have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits and losses, if any.
  - b. The excess of cost to the Company of its investments in the subsidiary over its share of equity of the subsidiary, at the date on which the investment in the subsidiary is made, is recognised as 'Goodwill' being an asset in the Consolidated Financial Statements. Alternatively, where the share of equity in the subsidiary as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the Consolidated Financial Statements.
  - c. Minority interest, if any, in the net assets of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investment is made by the Company in the subsidiary and further movements in their share in the equity, subsequent to the date of investment as stated above.
  - d. Minorities' share in Net Profit / Loss of the subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the Net Profit / Loss attributable to the shareholders of the Company.
  - e. The Consolidated Financial Statements include the share of profit / loss of an associate which has been accounted as per the 'Equity method', in accordance with AS 23- 'Accounting for Investments in Associates in Consolidated Financial Statements' and accordingly, the share of profit / loss of the associate (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. An Associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
  - f. The Consolidated Financial Statements have been prepared substantially in the same format adopted by the parent to the extent possible, as required by the AS 21- 'Consolidated Financial Statements' as specified under Section 133 of the Act.
- iv. The Consolidated Financial Statements include results of following Subsidiary and an Associate. The names, country of incorporation or residence and proportion of ownership interest are as under:

Name of the Company	Country of incorporation	Parent's ultimate holding as on 31.03.2016	Reporting date	Status
a. Kirloskar Ferrous Industries Limited	India	51.43%	31.3.2016	Subsidiary
b. Kothrud Power Equipment Limited	India	50.00%	31.3.2016	Associate



## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### 2. OTHER ACCOUNTING POLICIES

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

### 3. UNIQUE ACCOUNTING POLICIES ADOPTED BY THE SUBSIDIARY

#### a. Fixed Assets

- i. Borrowing Costs relating to acquisition and construction of qualifying assets are included to the extent they relate to the period till such assets are ready to be put to use.
- ii. Pre-operative expenditure including trial run expenses comprising of revenue expenses incurred as reduced by the revenue generated during the period up to commencement of commercial production are treated as part of project costs and are capitalised.
- iii. Cost of fixed assets not ready for use before the balance sheet date is disclosed as capital work-in-progress.

#### b. Depreciation / Amortisation

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

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

- ii. In the event of sale / retirement of assets, depreciation is provided up to the date of sale / retirement.
- iii. The Mining Right acquired by the Company is amortised over 11 years being the period of lease.
- iv. Computer software recognised as intangible asset is amortised on straight line method over an estimated useful life of 6 years.

#### c. Inventories

- i. Raw Materials, Stores and Spares are valued at lower of cost and net realisable value. Cost is determined using Weighted Average method.
- ii. Work in process and finished goods other than by-products are valued at lower of cost and net realisable value. Cost is arrived at by absorption cost method.
- iii. By-products are valued at net realisable value.
- iv. Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the management and the value of inventory is net of such provision.
- v. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

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## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### d. Operating Lease

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases and assets subjected to operating leases are included in the fixed assets.

### e. Foreign Currency Transactions

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

### f. Revenue Recognition

- i. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, which generally coincides with their delivery to customers / customers representatives. Sales reported includes excise duty and excludes discounts, rebates, returns, sales tax and value added tax.
- ii. Lease income in respect of "Operating Lease" is recognised in the Statement of Profit and Loss on a straight-line basis over the lease terms.
- iii. All other incomes are accounted for on accrual basis.

### g. Borrowing Costs

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

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

### h. Excise Duty

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

### i. Employee Benefits

#### i. Short Term Employee Benefits:

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

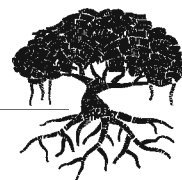
#### ii. Post Employment Benefits:

##### Defined Benefit Plans:

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

### j. Research and Development Expenses

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



## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 3:

#### SHARE CAPITAL

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Nos.	(₹ in Lakhs)	Nos.	(₹ in Lakhs)
Authorised Equity Shares of ₹ 10 each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued and Subscribed Equity Shares of ₹ 10 each	97,08,650	970.87	97,08,650	970.87
Called up and Paid up Equity Shares of ₹ 10 each fully paid up	97,08,619	970.87	97,08,619	970.87
Share Capital Suspense Account* Equity Shares of ₹ 10 each fully paid up	31	-	31	-
<b>Total</b>	<b>97,08,650</b>	<b>970.87</b>	<b>97,08,650</b>	<b>970.87</b>

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

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Nos.	(₹ in Lakhs)	Nos.	(₹ in Lakhs)
Shares outstanding at the beginning of the year	97,08,650	970.87	97,08,650	970.87
<u>Add:</u> Shares issued during the year	-	-	-	-
<u>Less:</u> Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	97,08,650	970.87	97,08,650	970.87

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

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

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
India Capital Fund Limited	9,43,439	9.72%	9,43,439	9.72%
Mr. Atul Chandrakant Kirloskar #	16,35,300	16.84%	16,35,300	16.84%
Mr. Rahul Chandrakant Kirloskar # #	16,21,688	16.70%	16,21,688	16.70%
Mr. Gautam Achyut Kulkarni	16,30,358	16.79%	16,30,358	16.79%
Mrs. Arti Atul Kirloskar	7,09,648	7.31%	7,09,648	7.31%
Mrs. Jyostna Gautam Kulkarni	7,26,798	7.49%	7,26,798	7.49%
Mrs. Alpana Rahul Kirloskar	7,09,648	7.31%	7,09,648	7.31%

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

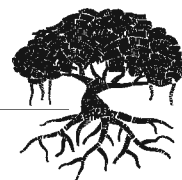
## Out of these, 16,21,459 (16,21,459) equity shares are held in the individual capacity and 229 (229) equity shares held as a Trustee of C. S. Kirloskar Testamentary Trust.

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

Particulars	Financial Year (Aggregate No. of shares)				
	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Equity Shares :</b>					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares bought back	-	-	-	-	-

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




**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

(₹ in Lakhs)

**NOTE 4:**
**RESERVES AND SURPLUS**
**Reserve Fund:**

In terms of Section 45 - IC of the Reserve Bank of India Act, 1934, (RBI Act)

	As at 31 March 2016	As at 31 March 2015
Balance as per last account	-	3,004.73
Less : Transferred to surplus in the Statement of Profit and Loss	-	3,004.73
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

**Capital Reserve:**

Balance as per last account	4,298.37	4,298.37
Add: Addition during the year	-	-
<b>Closing Balance</b>	<b>4,298.37</b>	<b>4,298.37</b>

**General Reserves:**

Balance as per last account	32,776.22	32,519.07
Add: Transfer from surplus of the Statement of Profit and Loss	257.15	257.15
<b>Closing Balance</b>	<b>33,033.37</b>	<b>32,776.22</b>

**Surplus / (deficit) in the Statement of Profit and Loss:**

Balance as per last account	37,973.34	31,433.29
Add: Transfer from Reserve Fund created under Section 45-IC of RBI Act	-	3,004.73
Add: Net Profit transferred from the Statement of Profit and Loss	7,228.95	6,164.71
Less : Depreciation	-	35.22
<b>Amount available for appropriation</b>	<b>45,202.29</b>	<b>40,567.51</b>

**Less: Appropriations**

Transfer to General Reserves	257.15	257.15
Interim Dividend	1,941.73	-
Proposed Dividend	-	1,941.73
Dividend Distribution tax including share of holding company in tax on dividend declared by subsidiary	400.32	395.29
<b>Net surplus in the Statement of Profit and Loss</b>	<b>42,603.09</b>	<b>37,973.34</b>

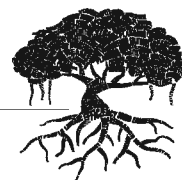
<b>Total</b>	<b>79,934.83</b>	<b>75,047.93</b>
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**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

	(₹ in Lakhs)	
	As at 31 March 2016	As at 31 March 2015
<b>NOTE 5:</b>		
<b>LONG TERM BORROWINGS</b>		
<b>Secured</b>		
<b>Term loans</b>		
From Bank	-	1,000.00
<b>Other loans</b>		
From Bank under Buyers' Credit	-	-
<b>Total (a)</b>	-	1,000.00
<b>Unsecured</b>		
<b>Term loans</b>		
From Banks	-	-
<b>Total (b)</b>	-	-
<b>Total (a+b)</b>	-	1,000.00

**Security for Term Loans**

- (i) Secured Term Loan of ₹ 2,333.33 Lakhs availed from BNP Paribas is secured by an exclusive first charge by way of hypothecation in favour of IDBI Trusteeship Services Limited as Security Trustee for the benefit of BNP Paribas, on Hot Blast Stove for MBF-I, Hot Blast Stove for MBF-II, Boiler and Turbo Generator - 5 MW capacity installed at Bevinahalli Village, Koppal District, Karnataka. The loan amount is repayable in 28 equal monthly installments on the last working day of each month. The rate of interest was 9.55% till 02-Dec-15 and thereafter the rate was revised to 8.95 percent per annum. The balance outstanding as at 31st March 2016 is ₹ 1,000 Lakhs (Previous year ₹ 2,000 Lakhs). Out of which ₹ 1,000 Lakhs (Previous year ₹ 1,000 Lakhs), being repayable within 12 months from the reporting date has been reflected under Other Current Liabilities as "Current Maturities of Long Term Borrowings".



## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
<b>NOTE 6:</b>		
<b>DEFERRED TAX LIABILITY (NET)</b>		
<b>Deferred Tax Liability:</b>		
Depreciation	8,407.18	7,708.20
Others	0.65	5.40
Total liability (a)	<u>8,407.83</u>	<u>7,713.60</u>
<b>Deferred Tax Assets:</b>		
Disallowance under Income Tax Act, 1961	257.69	153.53
Provision for doubtful debts	133.43	124.89
Total assets (b)	<u>391.12</u>	<u>278.42</u>
<b>Net Deferred Tax Liability(a-b)</b>	<u><u>8,016.71</u></u>	<u><u>7,435.18</u></u>
<b>NOTE 7:</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Security Deposits	1,587.49	44.64
<b>Total</b>	<u><u>1,587.49</u></u>	<u><u>44.64</u></u>
<b>NOTE 8:</b>		
<b>LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Gratuity	27.47	25.79
Leave Encashment	23.18	19.42
<b>Others provisions</b>		
Provision for Operation and Maintenance of Windmills	-	27.00
<b>Total</b>	<u><u>50.65</u></u>	<u><u>72.21</u></u>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

(₹ in Lakhs)

**NOTE 9:**

**SHORT TERM BORROWINGS**

**Secured**

Loans payable on demand

- Cash credit from banks

**7,986.01**

7,249.84

**Unsecured**

Loans payable on demand

- Overdraft from Bank

**1,838.45**

-

**Total**

**9,824.46**

7,249.84

**Security for Secured Loans :**

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 45,000 Lakhs (₹ 45,000 Lakhs) are secured by first charge by way of hypothecation on the current assets both present and future, in favour of IDBI Trusteeship Services Limited, as Security Trustees, for the benefit of Consortium Banks.

(₹ in Lakhs)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Outstanding amount under non fund based limits :		
i. Aggregate value of the amount outstanding under the letters of credit		
- Secured	<b>5,063.20</b>	7,699.75
- Unsecured	<b>1,666.97</b>	4,096.84
ii. Aggregate value of guarantees outstanding (Secured)	<b>82.62</b>	220.50

**NOTE 10:**

**TRADE PAYABLES**

Acceptances

**6,383.53**

11,599.34

Transmission and Wheeling Charges

**5.83**

-

Others

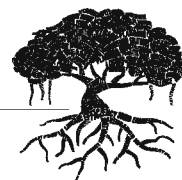
**7,293.64**

8,834.78

**Total**

**13,683.00**

20,434.12


**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

(₹ in Lakhs)

**NOTE 11:**
**OTHER CURRENT LIABILITIES**
**Creditors for capital goods:**

Acceptances	-	178.53
Others	<b>806.38</b>	794.36

<b>Current maturities for Long Term Borrowings (Refer Note 5)</b>	<b>1,000.00</b>	5,023.10
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<b>Interest accrued but not due</b>	<b>0.49</b>	40.50
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**Investors Education and Protection Fund will be credited by the following amounts, as and when due #**

Unclaimed equity dividend	<b>443.52</b>	273.63
Unclaimed fractional entitlement	<b>2.72</b>	2.72

Security deposits	<b>30.75</b>	1,127.98
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Advances from customers	<b>431.52</b>	562.23
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Employee benefits	<b>1,089.99</b>	1,112.02
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Commission payable to Directors	<b>67.10</b>	61.15
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Creditors for expenses and others	<b>229.65</b>	365.00
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Taxes and duties	<b>309.13</b>	274.67
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Exchange differences on forward contracts (Net)	<b>189.65</b>	122.76
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Gratuity to be funded to LIC	<b>223.68</b>	179.85
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<b>Total</b>	<b>4,824.58</b>	10,118.50
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# Note: There is no amount due and outstanding as at the Balance Sheet date to be credited to Investors Education and Protection Fund.

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:

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
Total outstanding to MSME Suppliers (not due)	<b>206.93</b>	578.36
Principal amount due remaining unpaid	-	-
i. Trade payables	-	-
ii. Creditors for capital goods	-	-
Interest on above and unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

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**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

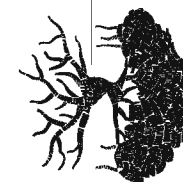
	(₹ in Lakhs)	
	As at 31 March 2016	As at 31 March 2015
<b>NOTE 12:</b>		
<b>SHORT TERM PROVISIONS</b>		
<b>Provision for employee benefits:</b>		
Leave Encashment	453.64	369.23
<b>Other Provisions:</b>		
Provision for Dividend	-	2,775.41
Tax on Proposed Dividend	-	565.98
<b>Total</b>	<u>453.64</u>	<u>3,710.62</u>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

## NOTE 13: FIXED ASSETS

(₹ in Lakhs)

Particulars	Tangible Assets (A)												Intangible Assets (B)			Total (A)+(B)	
	Freehold land	Leasehold land	Buildings	Plant and Equipments					Vehicles	Office equipments	Computers	Electrical installations	Total (A)	Mining Rights	Computer software		Total (B)
				Plant and Equipments	Plant and Equipments under Lease	Wind power generators	Diesel Generator set	Furniture and Fixtures									
<b>Gross Block</b>																	
Balance as at 1 April 2014	452.07	442.05	13,259.73	68,912.44	39.01	2,629.69	9.39	195.30	257.28	298.25	175.80	5.76	86,676.77	11.50	365.85	377.35	87,054.12
- Additions	33.56	-	1,592.65	2,261.88	-	-	-	107.70	141.09	267.96	30.00	-	4,434.84	-	232.90	232.90	4,667.74
- Disposals	-	-	0.48	544.85	-	-	-	21.91	22.88	129.32	2.62	-	722.06	-	-	-	722.06
<b>Balance as at 31 March 2015</b>	<b>485.63</b>	<b>442.05</b>	<b>14,851.90</b>	<b>70,629.47</b>	<b>39.01</b>	<b>2,629.69</b>	<b>9.39</b>	<b>281.09</b>	<b>375.49</b>	<b>436.89</b>	<b>203.18</b>	<b>5.76</b>	<b>90,389.55</b>	<b>11.50</b>	<b>598.75</b>	<b>610.25</b>	<b>90,999.80</b>
- Additions	17.47	-	1,363.38	3,443.49	-	-	-	39.37	84.96	83.42	60.57	1.59	5,094.25	-	192.40	192.40	5,286.65
- Disposals	-	-	-	16.48	39.01	-	-	-	73.49	0.71	0.43	-	130.12	-	-	-	130.12
- Adjustments	-	-	-	(7.29)	7.29	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2016</b>	<b>503.10</b>	<b>442.05</b>	<b>16,215.28</b>	<b>74,049.19</b>	<b>7.29</b>	<b>2,629.69</b>	<b>9.39</b>	<b>320.44</b>	<b>386.96</b>	<b>519.60</b>	<b>263.32</b>	<b>7.35</b>	<b>95,353.68</b>	<b>11.50</b>	<b>791.15</b>	<b>802.65</b>	<b>96,156.33</b>
<b>Accumulated Depreciation</b>																	
Balance as at 1 April 2014	-	-	3,564.65	25,373.69	28.48	1,994.01	2.51	114.11	116.74	152.65	129.93	1.12	31,477.89	6.88	231.50	238.38	31,716.27
Depreciation charge for the year	-	-	918.96	3,822.74	7.80	49.83	0.55	22.80	65.41	131.58	33.12	0.65	5,053.44	1.05	52.13	53.18	5,106.62
Transitional Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On disposals	-	-	0.48	490.56	-	-	-	21.71	10.60	125.87	2.62	-	651.84	-	-	-	651.84
Transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	0.41	-	0.41	-	-	-	0.41
<b>Balance as at 31st March 2015</b>	<b>-</b>	<b>-</b>	<b>4,483.13</b>	<b>28,705.87</b>	<b>36.28</b>	<b>2,043.84</b>	<b>3.06</b>	<b>115.20</b>	<b>171.55</b>	<b>158.36</b>	<b>160.84</b>	<b>1.77</b>	<b>35,879.90</b>	<b>7.93</b>	<b>283.63</b>	<b>291.56</b>	<b>36,171.46</b>
Depreciation charge for the year	-	-	555.50	3,606.99	3.50	49.97	0.55	26.17	58.08	78.76	25.52	0.66	4,405.70	1.05	93.66	94.71	4,500.41
On disposals	-	-	-	5.18	38.81	-	-	-	70.44	0.39	0.43	-	115.25	-	-	-	115.25
Adjustment	-	-	-	(0.50)	0.50	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2016</b>	<b>-</b>	<b>-</b>	<b>5,038.63</b>	<b>32,307.18</b>	<b>1.47</b>	<b>2,093.81</b>	<b>3.61</b>	<b>141.37</b>	<b>159.19</b>	<b>236.73</b>	<b>185.93</b>	<b>2.43</b>	<b>40,170.35</b>	<b>8.98</b>	<b>377.29</b>	<b>386.27</b>	<b>40,556.62</b>
<b>Net Block</b>																	
Balance as at 31 March 2015	485.63	442.05	10,368.77	41,923.60	2.73	585.85	6.33	165.89	203.94	278.53	42.34	3.99	54,509.65	3.57	315.12	318.69	54,828.34
<b>Balance as at 31 March 2016</b>	<b>503.10</b>	<b>442.05</b>	<b>11,176.65</b>	<b>41,742.01</b>	<b>5.82</b>	<b>535.88</b>	<b>5.78</b>	<b>179.09</b>	<b>227.77</b>	<b>282.87</b>	<b>77.39</b>	<b>4.92</b>	<b>55,183.33</b>	<b>2.52</b>	<b>413.86</b>	<b>416.38</b>	<b>55,599.71</b>



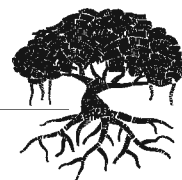
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

**NOTE 14:**

**NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)**

Sr. No.	Particulars	Face Value	As at 31 March 2016		As at 31 March 2015	
		₹	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
<b>A</b>	<b>Investment Properties</b>					
	<b>i Land (at cost)</b>					
	Opening Balance			15.32		15.32
	Add: Purchased during the year			-		-
	Less: Sold during the year			0.79		-
	Closing Balance			<u>14.53</u>		<u>15.32</u>
	<b>ii Building (at cost less depreciation)</b>					
	<b>(a) Gross Block</b>					
	Opening Balance			1,262.45		1,262.45
	Add: Purchased during the year			-		-
	Less: Disposals			-		-
	Closing Balance			<u>1,262.45</u>		<u>1,262.45</u>
	<b>(b)Accumulated Depreciation</b>					
	Opening Balance			619.12		556.56
	Add: Depreciation for the year			24.87		27.75
	Less: On disposals			-		-
	Add: Transferred to Retained Earnings			-		34.81
	Closing Balance			<u>643.99</u>		<u>619.12</u>
	<b>Net Block of Building (a) - (b)</b>			<u>618.46</u>		<u>643.33</u>
	<b>iii Total Investment Properties (i)+(ii)</b>			<u>632.99</u>		<u>658.65</u>
<b>B</b>	<b>Trade Investments</b>					
	<b>1 Quoted</b>					
	<b>Investment in Equity Instruments</b>					
	Fully paid Equity Shares					
	Kirloskar Brothers Limited	2	1,89,88,038	28,170.90	1,89,88,038	28,170.90
	Kirloskar Brothers Investments Limited	10	-	-	100	0.04
	Pneumatic Holdings Limited	10	100	0.01	-	-
	Kirloskar Pneumatic Company Limited	10	11,86,866	5,315.61	11,86,866	5,315.61
	Kirloskar Oil Engines Limited	2	82,10,439	16,981.03	55,06,519	8,039.17
	Swaraj Engines Limited	10	21,60,000	36.00	21,60,000	36.00
	Cummins India Limited #	2	683	-	683	-
	<b>Total</b>			<u>50,503.55</u>		<u>41,561.72</u>




**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

Sr. No.	Particulars	Face Value	As at 31 March 2016		As at 31 March 2015	
		₹	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
<b>2</b>	<b>UNQUOTED</b>					
	<b>Investment in Equity Instruments</b>					
	Fully Paid Equity Shares					
	<b>(a) Investment In Associate</b>					
	Kothrud Power Equipment Limited	10	-	-	992,143	99.21
	Less: Provision for diminution in value					99.21
	Extent of holding by the Company is Nil (50%) (Refer Note 33)					-
	<b>(b) Others</b>					
	Kirloskar Kenya Limited	K.S. 1000	1,272	8.56	1,272	8.56
	The Mysore Kirloskar Limited (In liquidation)	10	113,460	27.33	113,460	27.33
	Less: Provision for diminution in value			27.33		27.33
				-		-
	Kirloskar Proprietary Limited*	100	1	-	1	-
	<b>Total</b>			<b>8.56</b>		<b>8.56</b>
	<b>Total of Investments</b>			<b>51,145.10</b>		<b>42,228.93</b>

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Aggregate amount of quoted investments</b>		
Carrying Cost	50,503.55	41,561.72
Market Value	65,700.11	75,680.13
<b>Aggregate amount of unquoted investments</b>	<b>8.56</b>	<b>8.56</b>
Investment Property at carrying cost	632.99	658.65
Aggregate amount of diminution in value of investments	27.33	126.54

**Notes:**

# At carrying cost of ₹ 36.96

\* At carrying cost of ₹ 100.00

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

	(₹ in Lakhs)	
	As at 31 March 2016	As at 31 March 2015
<b>NOTE 15:</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
<b>Capital Advances :</b>		
Unsecured, considered good	<b>651.02</b>	417.65
<b>Security Deposits:</b>		
Unsecured, considered good	<b>931.46</b>	798.19
<b>Advances recoverable in cash or kind :</b>		
Unsecured, considered good:		
Advance to suppliers	<b>94.34</b>	70.50
Advance Income Tax net of provision for Income Tax ₹ 15,472.03 Lakhs (₹ 12,993.92 Lakhs) and provision for Wealth tax ₹ 145.44 lakhs (₹ 148.42 Lakhs)	<b>1,257.90</b>	1,208.63
Minimum Alternate Tax Credit Entitlement	<b>677.59</b>	1,127.81
Claims receivable	<b>30.57</b>	30.57
Loan to Employees	<b>10.79</b>	15.25
<b>Advances:</b>		
Unsecured, considered doubtful:	<b>385.87</b>	385.87
Less: Provision for Doubtful Advances	<b>385.87</b>	385.87
<b>Claims receivable :</b>		
Unsecured, Considered doubtful:	<b>45.00</b>	45.00
Less: Provision for Doubtful Advances	<b>45.00</b>	45.00
	-	-
Prepaid Expenses	<b>2.50</b>	-
<b>Total</b>	<b>3,656.17</b>	3,668.60

**NOTE 16:**

**OTHER NON CURRENT ASSETS**

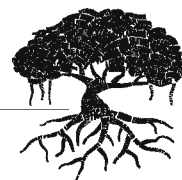
**Unsecured, considered good:**

Non-current bank balances (Refer Note 20)	<b>204.81</b>	183.67
Interest accrued on Deposits	<b>0.23</b>	1.04

**Unsecured, considered doubtful trade receivables:**

Less: Provision for doubtful debts	<b>330.42</b>	315.94
	<b>330.42</b>	315.94
	-	-

<b>Total</b>	<b>205.04</b>	184.71
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**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**
**NOTE 17:**
**CURRENT INVESTMENTS**

	Face Value ₹	As at 31 March 2016		As at 31 March 2015	
		Nos.	Amount	Nos.	Amount
(₹ in Lakhs)					
<b>Trade Investments (unquoted)</b>					
<b>Current Maturities of Long Term Investments *</b>					
Investment in Debentures and Bonds					
The Mysore Kirloskar Limited					
(In liquidation)					
12.5% Secured Non Convertible Part "B" debentures of ₹ 44 each	100	30,000	13.20	30,000	13.20
Less: Provision for diminution in value			13.20		13.20
			-		-
<b>Total</b>			-		-

Particulars	As at 31 March 2016	As at 31 March 2015
Aggregate carrying cost of unquoted investments	-	-
Aggregate amount of diminution in value of investments	13.20	13.20

\* In earlier years, the Company had purchased 30,000 debentures of the Mysore Kirloskar Limited for ₹ 13.20 lakhs with an intention of holding the same for more than one year. Accordingly, the Company had classified the same as long term investment under Accounting Standard 13 - 'Accounting for Investments'. Since the debentures have already matured on 1 June 1999, the Company has presented the same as "Current Maturities of Long term investments."

**NOTE 18:**
**INVENTORIES**

	(₹ in Lakhs)	
	As at 31 March 2016	As at 31 March 2015
Raw material at site	2,348.05	4,009.33
Raw material in transit	709.97	769.01
Work-in-progress	2,250.66	2,561.22
Finished goods	438.00	946.06
Stores and spares	3,490.29	3,260.62
By-products	61.49	287.34
Inventories of Renewable Energy Certificates	1.40	1.51
<b>Total</b>	<b>9,299.86</b>	<b>11,835.09</b>
<b>Details of Work-in-progress</b>		
Castings	1,850.95	2,041.18
Patterns	257.52	451.97
Others	142.19	68.07
<b>Total</b>	<b>2,250.66</b>	<b>2,561.22</b>
<b>Details of Finished Goods</b>		
Pig iron	181.61	933.33
Castings	256.39	-
Others	-	12.73
<b>Total</b>	<b>438.00</b>	<b>946.06</b>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

	(₹ in Lakhs)	
	As at 31 March 2016	As at 31 March 2015
<b>NOTE 19:</b>		
<b>TRADE RECEIVABLES</b>		
<b>Unsecured, considered good</b>		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	362.12	160.93
Others*	13,628.30	17,489.44
<b>Total</b>	<b>13,990.42</b>	<b>17,650.37</b>
* Net of Sales bills discounted ₹ 2,614.30 Lakhs (₹ 2,114.36 Lakhs)		
<b>NOTE 20:</b>		
<b>CASH AND BANK BALANCES</b>		
<b>Cash and Cash equivalents</b>		
<b>Balances with Banks:</b>		
On Current Accounts	278.38	808.51
Fixed Deposits having original maturity less than 3 months	40.00	40.00
<b>Earmarked balances:</b>		
Unclaimed dividend accounts	443.43	273.56
Unclaimed fractional shareholdings account	2.72	2.72
Cash on hand	5.17	4.13
	<b>769.70</b>	<b>1,128.92</b>
<b>Other Bank Balances:</b>		
Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date	4,217.33	10,863.96
<b>Non-current bank balances:</b>		
Fixed Deposits with banks due for realisation after 12 months from the reporting date	203.44	182.50
Margin money deposit	1.37	1.17
	<b>204.81</b>	<b>183.67</b>
Less: Disclosed under Other non-current assets (Refer Note 16)	<b>(204.81)</b>	<b>(183.67)</b>
<b>Total</b>	<b>4,987.03</b>	<b>11,992.88</b>



## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
<b>NOTE 21:</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good:</b>		
Advances recoverable in cash / kind	1,237.81	401.15
Balances with Government Authorities	1,412.29	1,307.42
Prepaid expenses	139.70	144.62
Service tax credit receivable	12.87	12.69
	2,802.67	1,865.88
<b>Unsecured, considered doubtful:</b>		
Amounts receivable from associate company	-	1.34
Less: Provision	-	1.34
	-	-
<b>Others:</b>		
<b>Unsecured, considered good:</b>		
Advance for repairs of building	22.25	-
Others	0.24	-
	2,825.16	1,865.88

**NOTE 22:****OTHER CURRENT ASSETS**

Unbilled revenue from wind power	486.76	276.91
Interest accrued on deposits with banks	157.21	491.23
Transmission and Wheeling Charges recoverable from MSEDCL	38.66	-
Other receivables	0.93	0.89
Deferred premium on Forward Contracts	44.51	35.97
<b>Total</b>	<b>728.07</b>	<b>805.00</b>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

	(₹ in Lakhs)	
	2015-16	2014-15
<b>NOTE 23:</b>		
<b>REVENUE FROM OPERATIONS</b>		
<b>Sale of products:</b>		
Pig Iron	70,485.51	94,943.39
Casting	52,635.45	53,746.09
By-products	2,150.00	4,118.79
Sale of wind power	426.39	294.03
Sale of Renewable Energy Credit	48.65	45.00
<b>Total (a)</b>	<b>1,25,746.00</b>	<b>1,53,147.30</b>
<b>Other Operating Income:</b>		
Scrap sales / Miscellaneous income	799.70	1,044.56
<b>Total (b)</b>	<b>799.70</b>	<b>1,044.56</b>
<b>Revenue from Operations (Gross) (a+b)</b>	<b>126,545.70</b>	<b>154,191.86</b>
Less: Excise Duty (c)	14,677.62	17,343.60
<b>Revenue from operations (Net) (a+b-c)</b>	<b>1,11,868.08</b>	<b>1,36,848.26</b>

**NOTE 24:**

**OTHER INCOME**

Interest on bank deposits	765.61	1,011.33
Dividend income - non current Investments	1,739.43	1,631.42
Gain on sale of long-term investment properties (Net)	111.91	-
<b>Other non-operating income:</b>		
Property licensing fees	2,857.37	2,330.04
Net gain on foreign currency transactions	4.58	22.29
Rental income and equipment leasing charges ##	21.08	18.23
Excess provisions for expenses no longer required	84.33	262.23
Sundry credit balances	-	6.63
Miscellaneous income	65.22	50.10
<b>Total</b>	<b>5,649.53</b>	<b>5,332.27</b>

## The Subsidiary Company leases equipments under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental receipts with applicable taxes under such leases are ₹ 7.82 Lakhs for the year ended 31 March, 2016 (₹ 4.34 Lakhs).



**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

(₹ in Lakhs)

	2015-16	2014-15
<b>NOTE 25:</b>		
<b>COST OF MATERIAL CONSUMED</b>		
Stock at the beginning of the year	4,778.34	10,008.13
Add : Purchases	56,475.38	77,439.43
Less : Stock at the end of the year	3,058.02	4,778.34
<b>Cost of material consumed</b>	<b>58,195.70</b>	<b>82,669.22</b>
<b>Details of Raw Material Consumed</b>		
Iron Ore	15,505.06	27,524.56
Coke	32,480.16	42,092.30
M.S. / C.I Scrap	8,152.29	11,358.91
Others	2,058.19	1,693.45
<b>Total</b>	<b>58,195.70</b>	<b>82,669.22</b>
<b>NOTE 26:</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT</b>		
<b>Inventory at the end of the year</b>		
Work-in-progress	2,250.66	2,561.22
Finished goods	438.00	946.06
By-Products	61.49	287.34
<b>Total</b>	<b>2,750.15</b>	<b>3,794.62</b>
<b>Inventory at the beginning of the year</b>		
Work-in-progress	2,561.22	2,430.15
Finished goods	946.06	806.38
By-products	287.34	252.23
<b>Total</b>	<b>3,794.62</b>	<b>3,488.76</b>
<b>(Increase) / Decrease</b>	<b>1,044.47</b>	<b>(305.86)</b>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

(₹ in Lakhs)

	2015-16	2014-15
<b>NOTE 27:</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and incentives	<b>5,961.52</b>	5,420.81
Contributions to :		
Provident Fund and Labour Welfare Fund	<b>244.91</b>	219.81
Superannuation	<b>24.53</b>	23.77
Gratuity	<b>239.39</b>	241.63
Others	<b>13.73</b>	13.45
Staff welfare expenses	<b>717.86</b>	706.84
<b>Total</b>	<b>7,201.94</b>	<b>6,626.31</b>

**NOTE 28:**

**FINANCE COST**

Interest #	<b>1,774.15</b>	2,396.76
Other Borrowing Costs	<b>40.38</b>	48.65
Applicable net loss on foreign currency transactions	<b>568.49</b>	534.46
<b>Total</b>	<b>2,383.02</b>	<b>2,979.87</b>

# Interest expense includes interest on shortfall of advance income tax ₹ 20.66 Lakhs (₹ Nil)





**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

(₹ in Lakhs)

	2015-16	2014-15
<b>NOTE 29:</b>		
<b>OPERATING AND OTHER EXPENSES</b>		
<b>a. Operating Expenses</b>		
Consumption of Stores, Spares and Consumables	12,075.59	14,666.38
Power, fuel and water	8,907.22	9,910.07
Fettling and labour charges	2,626.93	2,418.57
Repairs and maintenance		
Machinery	2,183.04	1,250.80
Buildings	184.26	163.96
Machinery hire	137.58	157.68
Excise duty on Increase / (Decrease) in closing stock of finished goods	(73.37)	57.30
Operation and Maintenance Charges - Windmill*	35.45	41.77
Transmission and Wheeling Charges	47.57	-
Cross Subsidy Charges	-	1.96
<b>Total (a)</b>	<b>26,124.27</b>	<b>28,668.49</b>
<b>b. Selling Expenses</b>		
Freight and forwarding expenses (Net)	767.39	914.15
Sales commission and incentive	874.21	910.20
Royalty	283.98	344.53
Advertisement	12.57	7.23
Other Selling Expenses	40.60	-
<b>Total (b)</b>	<b>1,978.75</b>	<b>2,176.11</b>
<b>c. Other / Administrative Expenses</b>		
Security Staff Service	214.60	238.36
Legal and Professional Fees	654.97	379.88
Rates and Taxes	175.12	171.57
Repairs and maintenance :		
Property	60.43	25.32
Other Assets	75.16	63.08
Travelling Expenses	211.13	199.74
Communication Expenses	59.06	71.34
Printing and Stationery Expenses	69.73	68.27
Garden and Site Maintenance	46.33	45.68
Commission to Directors	73.00	66.70

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

(₹ in Lakhs)

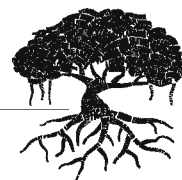
	2015-16	2014-15
Directors Sitting Fees	16.51	17.00
Insurance Charges	38.61	36.47
Advertisement and Publicity	4.39	4.87
Postage and Courier	5.07	4.21
Rent	4.36	6.27
Advance / Investments written off	100.55	486.89
Provision no longer required written back (Refer Note 33)	(100.55)	(486.89)
Bad debts written off	60.47	16.96
Provision for Doubtful Debts	14.48	205.09
Provision for Doubtful Advances	-	0.21
Membership Subscription	5.95	4.10
Miscellaneous Expenses	449.34	447.86
Loss on sale of assets	1.12	169.98
Payment to auditors for:		
Statutory Audit	24.75	27.75
Certification and other services	10.02	8.37
Taxation matters	1.74	0.38
Reimbursement of expenses	2.56	0.69
<b>Total (c)</b>	<b>2,278.90</b>	<b>2,280.15</b>
<b>Total (a+b+c)</b>	<b>30,381.92</b>	<b>33,124.75</b>

\* Operation and Maintenance charges are net of the estimated value of services of ₹10.02 Lakhs rendered in settlement of Company's claim on the service provider, Wind World (India) Limited.

**NOTE 30:**

**DEPRECIATION AND AMORTISATION EXPENSE**

On Fixed Assets (Refer Note 13)	4,500.41	5,106.62
On Investment Property (Refer Note 14)	24.87	27.74
<b>Total</b>	<b>4,525.28</b>	<b>5,134.36</b>



## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 31:

Notes on these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such Notes from the individual financial statements, which:

- a) are necessary for representing a true and fair view of the Consolidated Financial Statements
- b) the notes involving items, which are considered to be material.

### NOTE 32:

Due to the diversity in the nature of business and business environment the Subsidiary operates in, the Accounting Policies most appropriate to each, for reporting Financial Statement have been adopted, hence no adjustments have been made to bring about any uniformity in the Accounting Policies in reporting Consolidated Financial Statement.

### NOTE 33:

During the year, the investments of ₹ 99.21 Lakhs in the associate which were fully provided for have been written off and the provision has been written back in the Standalone Financial Statements. The share of losses in the Associate do not warrant a separate recognition in the Consolidated Financial Statements since the carrying amount of investment is NIL consequent to the write off as stated above.

### NOTE 34:

#### CAPITAL AND OTHER COMMITMENTS

Particulars	(₹ in Lakhs)	
	As at 31 March 2016	As at 31 March 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	3,588.01	863.47

### NOTE 35:

#### CONTINGENT LIABILITIES NOT PROVIDED FOR

Sr. No.	Particulars	(₹ in Lakhs)	
		As at 31 March 2016	As at 31 March 2015
1	Disputed central excise demands	164.96	162.42
2	Disputed service tax demands	543.47	460.86
3	Disputed sales tax demands	649.71	664.50
4	Disputed income tax demands	1,750.27	1,274.57
5	Claims against the Company not acknowledged as debt		
	Development charges demanded by PMC	-	141.21
	Wind World (India) Limited Counterclaim in respect of Windmill (settled during the year)	-	293.21
6	Conveyance deed charges in respect of property	21.51	21.51
7	Labour matters to the extent quantifiable	22.90	22.08
8	Sales bills discounted	2,249.91	1,781.13

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

**NOTE 36:**

**AMOUNT OF BORROWING COST CAPITALISED DURING THE YEAR**

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
Amount of borrowing cost capitalised	----	12.42

**NOTE 37:**

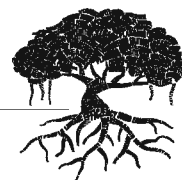
**(a) Details of foreign currency exposures that are hedged by derivative instruments or otherwise**

Particulars	Currency	Year	Amount in Foreign Currency	Equivalent Indian Currency (₹ in Lakhs)	Purpose
Payables	USD	2015-16 2014-15	74,00,487 60,36,463	5,092.88 3,895.49	Hedging the Risk Hedging the Risk
Loan (Under Buyers' Credit)	USD	2015-16 2014-15	--- 47,23,824	--- 2,523.10	

**(b) Details of foreign currency exposures that are not hedged by derivative instruments or otherwise**

(₹ in Lakhs)

Particulars	Currency	Year	Amount in Foreign Currency	Equivalent Indian Currency ₹ in Lakhs
Trade Receivables	EURO	2015-16 2014-15	11,592 37,900	8.74 25.46
Advance for Supplies	USD	2015-16 2014-15	3,72,243 19,487	246.65 13.09
	EURO	2015-16 2014-15	1,75,092 ----	129.65 ----
Payables	USD	2015-16 2014-15	---- 39,76,619	---- 2,485.39
	EURO	2015-16 2014-15	33,500 63,120	25.27 42.39


**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**
**NOTE 38:**
**SEGMENT REPORTING**

(₹ in Lakhs)

	Particulars	Year ended	
		31 March 2016	31 March 2015
<b>1</b>	<b>Segment Revenue</b>		
A	- Wind power generation	515.50	339.03
B	- Investments (Securities and Properties)	5,384.06	4,804.93
C	- Iron Casting	1,11,617.82	1,36,820.21
	<b>Total</b>	<b>1,17,517.38</b>	<b>1,41,964.17</b>
	Less: Inter segment revenue	-	-
	<b>Net Sales / Income from Operations</b>	<b>1,17,517.38</b>	<b>1,41,964.17</b>
<b>2</b>	<b>Segment Results</b>		
	Profit (+) / Loss (-) before tax and after interest on 'Iron Casting' Segment		
A	- Wind power generation	340.87	218.61
B	- Investments (Securities and Properties)	4,788.35	4,202.60
C	- Iron Casting	10,910.39	10,169.11
	<b>Total</b>	<b>16,039.61</b>	<b>14,590.32</b>
	<b>Add/(Less):</b>	<b>(2,383.02)</b>	<b>(2,979.87)</b>
	Interest		
	Other Unallocable income / (expenditure) net off unallocable income / (expenditure)	(61.53)	120.19
	<b>Total Profit Before Tax</b>	<b>13,595.06</b>	<b>11,730.64</b>
<b>3</b>	<b>Total carrying amount of Segment Assets / Corporate assets</b>		
A	- Windpower generation	1,113.24	901.64
B	- Investments (Securities and Properties)	55,834.36	53,866.09
C	- Iron Casting	85,653.16	92,779.84
D	- Unallocable corporate assets	643.42	637.27
	<b>Total Segment Assets</b>	<b>1,43,244.18</b>	<b>1,48,148.84</b>
<b>4</b>	<b>Total carrying amount of Segment Liabilities / Corporate Liabilities</b>		
		14.09	31.24
A	- Wind power generation		
B	- Investments (Securities and Properties)	1,724.83	1,259.17
C	- Iron Casting	36,452.16	46,396.13
D	- Unallocable corporate liabilities	24,147.40	24,479.50
	<b>Total Segment Liabilities</b>	<b>62,338.48</b>	<b>72,166.04</b>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

(₹ in Lakhs)

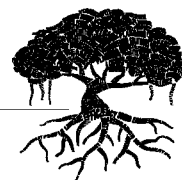
	Particulars	Year ended	
		31 March 2016	31 March 2016
<b>5</b>	<b>Capital Employed</b> (Segment Assets - Segment Liabilities)		
A	- Wind power generation	1,099.15	870.40
B	- Investments (Securities and Properties)	54,109.53	52,606.92
C	- Iron Casting	49,201.00	46,383.71
D	- Unallocable corporate assets less liabilities	(23,503.98)	(23,842.23)
	<b>Total capital employed in the Company</b>	<b>80,905.70</b>	<b>76,018.80</b>
<b>6</b>	<b>Total cost incurred during the year to acquire segment assets that are expected to be used during more than a year</b>		
A	- Windpower generation	0.18	0.42
B	- Investments (Securities and Properties)	2.50	6.93
C	- Iron Casting	5,283.97	4,660.39
D	- Unallocable corporate assets	-	-
	<b>Total Assets Acquired</b>	<b>5,286.65</b>	<b>4,667.74</b>
<b>7</b>	<b>Depreciation and Amortisation</b>		
A	- Windpower generation	50.69	50.49
B	- Investments (Securities and Properties)	35.73	39.73
C	- Iron Casting	4,436.61	5,041.89
D	- Unallocable Corporate Depreciation	2.25	2.25
	<b>Total Depreciation and Amortisation</b>	<b>4,525.28</b>	<b>5,134.36</b>

**Note 39:**

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

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

Associate Company- Kothrud Power Equipment Limited (Written off during FY 2015-16)		
Key Management Personnel and their relatives		
Key Management Personnel		Relatives of Key Management Personnel and relationship
Name	Designation	
Ms. Aditi V. Chirmule	Executive Director	None
Mr. R. V. Gumaste	Managing Director (Kirloskar Ferrous Industries Limited)	None



## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

### (b) Related Party Transactions:

(₹ in Lakhs)

Nature of transaction	Year	Key Management Personnel	Associate Company
Reimbursement of expenses given	2015-16	---	0.60
	2014-15	---	0.21
Reimbursement of expenses received from	2015-16	---	3.40
	2014-15	---	---
Expenses rendering of services	2015-16	395.74	---
	2014-15	350.76	---
Dividend Paid	2015-16	2.98	---
	2014-15	1.78	---
Licensing fees received	2015-16	---	---
	2014-15	---	---
Investments / Advances written off	2015-16	---	100.55
	2014-15	---	---
Provision for diminution in investment and provision for advance given written back	2015-16	---	100.55
	2014-15	---	---
<b>Outstanding as at 31 March</b>			
Receivable	2016	---	---
	2015	---	1.34
Provisions	2016	---	---
	2015	---	1.34
Payable	2016	261.20	---
	2015	218.20	---
Investments	2016	4.95	---
	2015	6.95	#

# At carrying cost of ₹ 1

### NOTE 40:

#### EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Net Profit after tax as per the Statement of Profit and Loss (₹ in Lakhs)	10,033.11	8,558.06
Add: Share of Profit / (Loss) of Associate	-	-
Less: Minority Interest (₹ in Lakhs)	2,804.16	2,393.35
Net Profit after tax, share in Associate and Minority Interest as per the Statement of Profit and Loss (₹ in Lakhs) (A)	7,228.95	6,164.71
Total number of equity shares at the end of the year (B)	97,08,650	97,08,650
Basic and Diluted Earnings Per Share (in ₹) (Nominal value of ₹ 10 per share) (A)/(B)	74.45	63.49

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016**

**NOTE 41:**

**GENERAL INFORMATION**

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profits or loss	
	As % of Consolidated net assets	Amount (₹)	As % of Consolidated profit / loss	Amount (₹)
1	2	3	4	5
Parent - Kirloskar Industries Limited	53.06	55,602.64	42.41	4,254.87
Indian Subsidiary - Kirloskar Ferrous Industries Limited	24.14	25,303.06	29.64	2,974.08
Minority Interest	22.80	23,897.95	27.95	2,804.16
Associate (investment as per the equity method) (Refer Note 33 to Consolidated Financial Statements)				
Joint Venture	Not Applicable			
<b>Total</b>	100.00	1,04,803.65	100.00	10,033.11

**NOTE 42:**

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

As per our attached report of even date

For and on behalf of the Board of Directors

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

**ATUL C. KIRLOSKAR**  
Chairman  
DIN 00007387

**ADITI V. CHIRMULE**  
Executive Director  
DIN 01138984

**C. M. DIXIT**  
Partner  
Membership Number: 17532

**ASHWINI V. MALI**  
Company Secretary  
ACS 19944

**JASVANDI M. DEOSTHALE**  
Chief Financial Officer  
ACA 111693

Pune: 24 May 2016

Pune: 24 May 2016



# KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

CIN: L29112PN1978PLC088972

Registered Office: 13/A Karve Road, Kothrud, Pune – 411 038 (Maharashtra)

Tel.: +91 -(0)20-2545 2721 Telefax: +91-(0)20-2545 4723 E-mail: [investorrelations@kirloskar.com](mailto:investorrelations@kirloskar.com) website: [www.kil.net.in](http://www.kil.net.in)

**22<sup>nd</sup> ANNUAL GENERAL MEETING ON 11 AUGUST 2016 AT 11.30 A.M.**

## ATTENDANCE SLIP

Registered Folio No. / DP ID & Client ID	
Name and address of the Member(s)	
Joint Holder 1 Joint Holder 2	
No. of Shares	

I / We hereby record my / our presence at the 22<sup>nd</sup> Annual General Meeting of the Company at S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune – 411 030, on Thursday, 11 August 2016, at 11.30 a.m.

Member's Folio/ DP ID/ Client ID No.

Member's/ Proxy's name in Block Letters

Member's/ Proxy's Signature

Note: Please complete the Folio / DP ID / Client ID and name, sign this Attendance Slip and hand it over at the Attendance Verification counter at the ENTRANCE OF THE MEETING HALL.

----- TEAR HERE -----

# KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

CIN: L29112PN1978PLC088972

Registered Office: 13/A Karve Road, Kothrud, Pune – 411 038 (Maharashtra)

Tel.: +91 -(0)20-2545 2721 Telefax: +91-(0)20-2545 4723 E-mail: [investorrelations@kirloskar.com](mailto:investorrelations@kirloskar.com) website: [www.kil.net.in](http://www.kil.net.in)

**22<sup>nd</sup> ANNUAL GENERAL MEETING ON 11 AUGUST 2016 AT 11.30 A.M.**

## PROXY FORM

Name of the member (s):
Registered address:
E-mail Id:
Folio No / DP ID / Client ID:

I / We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: ..... Address: .....

E-mail Id: ..... Signature: ....., or failing him

2. Name: ..... Address: .....

E-mail Id: ..... Signature: ....., or failing him

3. Name: ..... Address: .....

E-mail Id: ..... Signature: .....

P.T.O.

TEAR HERE

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 22nd Annual General Meeting of the Company, to be held on Thursday, 11 August 2016, at 11.30 a.m. at any adjournment thereof in respect of such resolutions:

Resolu- tion No.	Particulars of Resolutions	Number of equity shares	Optional*	
			For	Against
1.	Adoption of Audited Financial Statements of the Company for the Financial Year ended 31 March 2016 and Report of Board of Directors and Auditors thereon (including Consolidated Financial Statements)			
2.	Confirmation of Interim Dividend paid on equity shares as Final Dividend for the Financial Year ended 31 March 2016			
3.	Re-appointment Mr. Anil N. Alawani (DIN 00036153), who retires by rotation			
4.	Re-appointment of G. D. Apte & Co. (Firm Registration No. 100515W) as Auditors and to authorise the Board of Directors to fix their remuneration			
5.	Appointment of Mr. Mahesh R. Chhabria (DIN00166049), as an Independent Director			

Signed this ..... day of..... 2016

Signature of Member(s) .....

Please affix Revenue Stamp ₹ 1
---

Signature of Proxy holder(s) .....

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Annexure to the Notice and Notes, please refer to the Notice of the Annual General Meeting.
- \*3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.





Enriching Lives

**KIRLOSKAR INDUSTRIES LIMITED**

A Kirloskar Group Company

Regd. Office: 13/A, Karve Road, Kothrud, Pune - 411 038, INDIA.

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