



KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

Enriching Lives

31 July 2017

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C -1, Block G,
Bandra-Kurla Complex,
Bandra (E),
Mumbai 400 051

Ref.: Stock Code KIRLOSIND

Dear Sir,

Subject: Annual Report 2016-17

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), please find enclosed copy of each of the following:

1. Annual Report for the Financial Year 2016-17; and
2. Notice of the Annual General Meeting.

You are kindly requested to take the same on your record.

Thanking you

Yours faithfully,

For Kirloskar Industries Limited

A.V. Mali
Ashwini Mali
Company Secretary &
Compliance Officer



Encl.: As above



KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2016 - 2017

Enriching Lives

We're all ears.

For more than a century, we've been listening to our customers. Now with the advent of smart technology, we can listen to our products and respond in real time to ensure a seamless customer experience. We've always fostered a culture of listening and customer-centricity has been at the core of everything we do. We are glad that this new ability to listen to our products will empower us to provide proactive support and set a new benchmark for customer satisfaction.



Annual Report for the year ended on 31 March 2017

BOARD OF DIRECTORS

Mr. Atul Kirloskar	(DIN 00007387)	Chairman
Mr. Mahesh Chhabria	(DIN 00166049)	Managing Director (w.e.f. 4 July 2017)
Ms. Aditi Chirmule	(DIN 01138984)	Executive Director
Mr. Nihal Kulkarni	(DIN 01139147)	Non-Executive Director
Mr. Anil Alawani	(DIN 00036153)	Non-Executive Director
Mr. Tejas Deshpande	(DIN 01942507)	Independent Director
Mr. Sunil Shah Singh	(DIN 00233918)	Additional Independent Director (co-opted w.e.f. 19 October 2016)
Mr. D. Sivanandhan	(DIN 03607203)	Additional Independent Director (co-opted w.e.f. 11 May 2017)
Mr. Vinesh Kumar Jairath	(DIN 00391684)	Additional Independent Director (co-opted w.e.f. 4 July 2017)
Mr. Ashit Parekh	(DIN 00821577)	Additional Independent Director (co-opted w.e.f. 4 July 2017)
Mr. Shrikrishna Inamdar	(DIN 00025180)	Independent Director (resigned w.e.f. 8 June 2016)
Mr. Vijay Bajhal	(DIN 00531315)	Independent Director (ceased to be Director w.e.f. 2 September 2016)
Mrs. Priyamvada Ranade	(DIN 06926401)	Independent Director (resigned w.e.f. 15 February 2017)

CHIEF FINANCIAL OFFICER

Mrs. Jasvandi Deosthale

COMPANY SECRETARY

Mrs. Ashwini Mali

STATUTORY AUDITORS

G. D. Apte & Co., Chartered Accountants

SECRETARIAL AUDITORS

Mr. Mahesh J. Risbud, Practicing Company Secretary

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENT

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

REGISTERED OFFICE

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	: Monday, 28 August 2017
Time	: 11.00 a.m.
Venue	: S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030
Proposed Dividend	: 200% (₹ 20 per share of ₹ 10 each)
Date of Book Closure	: 22 August 2017 to 28 August 2017 (both days inclusive)

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Decade at a glance

(₹ in Millions)											
Sr. No.	Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10*	2008 -09	2007-08
1	Net Sales	35	48	34	134	131	138	41	47	21,100	21,564
2	Profit Before Tax	375	684	543	541	430	692	602	422	1,805	1,874
3	Profit After Tax	288	603	451	467	361	675	553	387	1,159	1,190
4	Dividend Amount	1,942	**** 1,942	1,942	39	39	39	24	***291	194	388
5	Dividend (%)	200	**** 200	200	40	40	40	25	***75	50	100
6	Earning Per Share (₹)**	30	62	46	48	37	69	57	40	6	6
7	Book Value Per Share (₹)**	783	753	713	689	645	612	548	493	49	47
8	Share Capital	97	97	97	97	97	97	97	97	388	388
9	Reserves and Surplus	7,501	7,213	6,826	6,594	6,160	5,844	5,215	4,689	9,212	8,762
10	Shareholders' Funds	7,598	7,310	6,923	6,691	6,257	5,941	5,312	4,786	9,601	9,150
11	Loan Funds	-	-	-	-	-	-	-	-	3,490	3,429
12	Total Capital Employed	7,598	7,310	6,923	6,691	6,257	5,941	5,312	4,786	13,091	12,579
13	Gross Block	420	402	402	401	441	442	439	431	9,924	9,213
14	Net Block	130	122	130	142	205	237	265	288	6,730	7,109
15	Net Current Assets	786	490	835	678	792	560	581	299	1,959	1,003

* 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 2016-17

To The Members,

The Directors have pleasure in presenting this Annual Report with the Audited Annual Accounts of the Company for the year ended 31 March 2017.

I. FINANCIAL PERFORMANCE (STANDALONE):

Particulars	₹ (in Lakhs)	
	2016-17	2015-16
Total Income	4,796.60	7,669.93
Total Expenditure	1,050.27	832.11
Profit before exceptional items and taxation	3,746.33	6,837.82
Profit before taxation	3,746.33	6,837.82
Provision for tax (including Deferred Tax)	863.92	812.81
Net Profit	2,882.41	6,025.01
Balance of Profit / (Loss) from previous year	39,867.24	36,000.59
Surplus available for appropriation	42,749.65	42,025.60

APPROPRIATIONS:

Your Directors propose to appropriate the available surplus as follows:

Particulars		
Interim Dividend	Nil	1,941.73
Tax on Interim Dividend	Nil	216.63
Balance carried to Balance Sheet	42,749.65	39,867.24

II. DIVIDEND:

Your Directors recommend 200% dividend i.e., ₹ 20 per equity share of ₹ 10 each (Previous year interim dividend 200% i.e., ₹ 20 per equity share of ₹ 10 each) for the Financial Year ended 31 March 2017.

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

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

IV. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**A. OPERATIONS OF THE COMPANY:****WINDMILLS:**

The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Megawatt (MW). The windmills are located at Tirade Village, Tal. Akole, Dist. Ahmednagar. The windmills have generated net wind energy of 49.05 Lakh units of electricity in the year under review as against 89.93 Lakh units of electricity in the previous year showing decrease of 54% over the previous year.

During the year under review, generation of units from the windmills has gone down due to various reasons viz., major break down of one Wind Energy Generator (WEGs) during the period of 7 months, non-availability of timely maintenance due to internal issues of Wind World India Limited (WWIL), service providers, unfavorable weather conditions and agitation by local people against operation of windmills.

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

All the seven windmills are registered with the National Load Despatch Centre (NLDC) and are eligible for the Renewable Energy Certificates (RECs). During the year, the Company has sold 5,120 RECs as against 3,243 RECs in the previous year. This has resulted in revenue of ₹ 77 Lakhs (previous year ₹ 49 Lakhs) during the year. The Company is having 10,537 RECs units as on 31 March 2017 (previous year 9,593 units).

OTHERS:

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

During the year under review, your Company made investments of ₹ 26.48 Lakhs in equity shares of Kirloskar Ferrous Industries Limited (KFIL). Pursuant to the said investment, the Company's holding in KFIL has increased to 51.45% as on 31 March 2017, from 51.43% as on 31 March 2016. During the year under review, the Company has invested ₹ 1 Lakh in S.L. Kirloskar CSR Foundation. The Company has thereafter transferred 200 equity shares of ₹ 10 each in the share capital of S.L. Kirloskar CSR Foundation. As a result, the holding of the Company in S.L. Kirloskar CSR Foundation is reduced to 19.60% from 20% as on 31 March 2017.

B. COMPANY PERFORMANCE:

During the year under review, your Company earned an income of ₹ 4,797 Lakhs (previous year ₹ 7,670 Lakhs). The fall in income in the year under review is on account of most of the companies, in which your Company holds shares have not declared any dividend in the year under review. In the previous year, these companies had declared dividend twice.

In the year under review, the Company received dividend of ₹ 713 Lakhs declared by the investee companies for the Financial Year 2016-17.

The Profit Before Tax is at ₹ 3,746 Lakhs (previous year ₹ 6,838 Lakhs) after providing for depreciation of ₹ 100 Lakhs (previous year ₹ 89 Lakhs).

C. HUMAN RESOURCES:

As on 31 March 2017, the Company has 8 employees on its roll, including the Executive Director.

**D. EMPLOYEE STOCK OPTION PLAN:**

Human resource is the key resource for the continuous growth and development of a company. The Company strongly believes that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the organisation.

To enable the employees, present and future, to share the wealth that they help to create for the organisation over a certain period of time, the Board of Directors in its meeting held on 4 July 2017, considered and approved to introduce and implement "Kirloskar Industries Limited – Employee Stock Option Plan 2017" (KIL ESOP 2017) in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (SEBI SBEB Regulations), subject to the approval of the members.

Details of the proposal for the KIL ESOP 2017 are mentioned in the Statement setting out material facts annexed to the Notice of the ensuing Annual General Meeting.

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

F. PROSPECTS:

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

The market for Renewable Energy Certificates (RECs) continues to be sluggish; this trend is expected to continue in the current Financial Year. Consequently, there is a risk of RECs getting lapsed. Further, the Central Electricity Regulatory Commission vide its order dated 30 March 2017, reduced the realisable rate of RECs from ₹ 1,500/unit to ₹ 1,000/unit. Considering the same, the Company is evaluating the proposal of selling green energy i.e., without availing RECs benefits.

G. 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.

H. CAUTIONARY STATEMENT:

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

I. SEBI REGULATIONS AND LISTING FEES:

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

J. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS:

As on 31 March 2017, the Company has one subsidiary, i.e., Kirloskar Ferrous Industries Limited (KFIL).

The Board presents Audited Consolidated Financial Statements incorporating the duly Audited Financial Statements of KFIL and as prepared in compliance with the Company's Accounting Standard 21 as per the Company's (Accounting Standards) Amendment Rules, 2016, notified by the Ministry of Corporate Affairs (MCA) and 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 the applicable provisions and duly audited by the Statutory Auditors, are presented elsewhere in this Annual Report along with Form AOC – 1.

Further, the Company undertakes that the Annual Accounts of the Subsidiary Company and the related detailed information shall be made available to the 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.

The Board of Directors of KFIL has recommended a dividend of ₹ 1.75 (35%) per equity share (Previous year interim dividend 25% i.e., ₹ 1.25 per equity share of ₹ 5 each) for the Financial Year ended 31 March 2017.

KFIL achieved net sales of ₹ 1,13,370 Lakhs (previous year ₹ 1,11,390 Lakhs).

Profit Before Tax (PBT) for the year under review stood at ₹ 12,146 Lakhs, as compared to ₹ 8,522 Lakhs of previous year. Also Profit After Tax (PAT) for the year under review stood at ₹ 9,057 Lakhs, as compared to ₹ 5,773 Lakhs of the previous year.

KFIL sold 2,53,495 MT of Pig Iron valued at ₹ 58,891 Lakhs during the Financial Year 2016-17, as compared to 2,89,485 MT of Pig Iron valued at ₹ 62,312 Lakhs in the previous year.

KFIL sold 65,892 MT castings aggregating to ₹ 51,912 Lakhs during Financial Year 2016-17, as compared to 56,661 MT castings aggregating to ₹ 46,067 Lakhs in the previous year.

KFIL participated in the auction of mines but the mines have been won by other companies a price which was not economical to KFIL.

Government has informed that the Financial Year 2017-18, would be an important year for the mining industry as there are around 300 mineral blocks to be leased (of which, Karnataka alone has about 100 odd leases). These mines would be auctioned in different states during the Financial Year 2017-18. KFIL will pursue in its efforts to acquire iron ore mines from the e-auction.



Iron ore mining is slowly opening up and presently 29 mines have been allowed for mining 33 million tons per annum. As demand is higher than the actual mining, iron ore prices in Hospet sector are still higher.

During the year under review, KFIL repaid entire outstanding amount of long term loans. Also KFIL has been able to reduce considerably the financing cost of working capital facilities by availing facilities at a very competitive rate.

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

- 1) Commenced the civil work for machine shop at Koppal Plant and is expected to be completed in first half of Financial Year 2017-18. Simultaneously KFIL is working on getting the orders for machined castings from its customers and also on procuring machines for machining of castings. Machine shop will be commissioned progressively in a phased manner based on the order position. The completion of machine shop will facilitate an increase in business by bringing more value added items for KFIL.
- 2) Installation of fettling facilities for superior casting finish at Solapur Plant.
- 3) Upgradation of Mini Blast Furnace I resulting in lower coke consumption and increasing the production capacity of pig iron.
- 4) Commenced Railway siding project and the civil work has been completed. The project is expected to be completed in Financial Year 2017-18. Completion of this project will facilitate inward movement of raw materials and outward movement of pig iron resulting in reduction in cost of transportation and handling losses.

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

1. EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT – 9, are annexed as '**Annexure 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 form part of Report on Corporate Governance. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

3. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to provisions of 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 2017, the applicable accounting standards had been followed and there were no material departures;
- b) accounting policies as mentioned in Note 2 of the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2017 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 adopted a policy for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel and their remuneration. The Nomination and Remuneration Policy is annexed as '**Annexure II**' to this Report.

6. AUDITORS:

a. Statutory Auditors:

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

The requisite eligibility certificate as per Sections 139 and 141 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 was neither required to maintain cost records relating to Electricity Industry (Windmills) for the Financial Year 2016-17, in Form (CRA-1) nor was it 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 had appointed Mr. Mahesh J. Risbud, Practicing Company Secretary (FCS 810 CP 185) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed as '**Annexure III**' to this Report.

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

There are no qualifications, reservations or adverse remarks of G. D. Apte & Co., Statutory Auditors in their Audit Report and of Mr. Mahesh J. Risbud, Practicing Company Secretary, in his Secretarial Audit Report for the year ended 31 March 2017.

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

Your Company has not granted any loan or guarantee.

During the year under review, the Company has invested ₹ 1 Lakh in S.L. Kirloskar CSR Foundation. The Company has thereafter transferred 200 equity shares of ₹ 10 each in the share capital of S.L. Kirloskar CSR Foundation. As a result, the holding of the Company in S.L. Kirloskar CSR Foundation is reduced to 19.60% from 20% as on 31 March 2017.



During the year under review, your Company made investments of ₹ 26.48 Lakhs in equity shares of Kirloskar Ferrous Industries Limited (KFIL).

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

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

10. STATE OF COMPANY'S AFFAIRS:

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

11. AMOUNTS PROPOSED TO BE CARRIED TO RESERVES:

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

12. MATERIAL CHANGES AND COMMITMENTS BETWEEN THE DATE OF 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: NIL

14. RISK MANAGEMENT POLICY:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through 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:

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	51.45	Total Income	1,13,926
		Total Expenditure	1,00,414
		Profit before exceptional items and taxation	12,146
		Profit before taxation	12,146
		Provision for tax (including Deferred Tax)	3,089
		Net Profit	9,057
		Balance of Profit / (Loss) from previous year	18,954
		Less: Interim Dividend	-
		Less: Dividend Distribution Tax on Interim Dividend	-
		Less: Transfer to General Reserve	500
		Balance carried to Balance Sheet	27,511

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	1,84,128
		Total Expenditure	1,78,799
		Profit before exceptional items, finance cost and taxation	5,329
		Finance Cost	---
		Profit before taxation	5,329
		Provision for tax (including Deferred Tax)	2,029
		Net Profit	3,300
		Other Comprehensive Income	(114.50)
		Balance of Profit / (Loss) from previous year	16,966
		Less: Interim Dividend	---
		Less : Dividend Distribution Tax	---
		Balance carried to Balance Sheet	20,151

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 Annual Report of KBL for the financial year ended 31 March 2017, uploaded on the website of KBL.

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

Note: The Consolidated Financial Statements do not include the financials of Kothrud Power Equipment Limited. Refer Note 32 of the Consolidated Financial Statements of the Company for the Financial Year 2016-17. In view of this, the financial information as required hereinabove is not given.

- ## Kothrud Power Equipment Limited has been struck off from the Register of Companies and consequently, ceased to be an Associate Company with effect from 20 January 2017.

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

Name of Director	Designation	Terms of appointment
Mahesh Chhabria *	Independent Director **	Five consecutive years commencing from 11 August 2016 up to 10 August 2021.
Sunil Shah Singh	Additional Independent Director	Co-opted as an Additional Independent Director w.e.f. 19 October 2016.
Anil Alawani ***	Director	Re-appointed with effect from 11 August 2016, subject to retirement by rotation.
Aditi Chirmule	Executive Director	The Board of Directors in its meeting held on 18 January 2017, re-appointed Ms. Aditi Chirmule as the Executive Director of the Company for a period of 5 years with effect from 25 January 2017, subject to the approval of the members in the ensuing Annual General Meeting. Details of the proposal for re-appointment of Ms. Aditi Chirmule are mentioned in the Statement setting out material facts annexed to the Notice of the ensuing Annual General Meeting.

* Mr. Mahesh Chhabria was co-opted as an Additional Independent Director with effect from 24 May 2016 and appointed in the Annual General Meeting held on 11 August 2016.

** The Board of Directors of the Company in its meeting held on 4 July 2017, appointed Mr. Mahesh Chhabria as the Managing Director of the Company, for a term of five (5) years with effect from 4 July 2017.

*** Mr. Anil Alawani retired by rotation and was re-appointed in the Annual General Meeting held on 11 August 2016.

Key Managerial Personnel (KMP) appointed during the year

During the year under review, Ms. Aditi Chirmule, Executive Director of the Company, has been re-appointed as Key Managerial Personnel of the Company.

20. DIRECTORS AND KEY MANAGERIAL PERSONNEL RESIGNED DURING THE YEAR 2016-17:

During the year under review, Mr. Shrikrishna Inamdar and Mrs. Priyamvada Ranade, Independent Directors of the Company, tendered their resignations from the office of Director of the Company with effect from 8 June 2016 and 15 February 2017, respectively.

Mr. Vijay Bajhal, completed his term on 1 September 2016 and consequently, ceased to be a Director of the Company with effect from 2 September 2016.

The Company expresses its appreciation for the assistance and guidance provided by these Directors during their tenure as Directors of the Company.

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

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

The Board of Directors of the Company in its meeting held on 4 July 2017, appointed Mr. Mahesh Chhabria as the Managing Director of the Company, for a term of five (5) years with effect from 4 July 2017. Consequently, he ceased to be an Independent Director of the Company. A proposal for his appointment as the Managing Director and remuneration payable to him is being placed before the members for their approval at the ensuing Annual General Meeting.

The Board of Directors of the Company in its meeting held on 18 January 2017, has re-appointed Ms. Aditi Chirmule, as the Executive Director of the Company for a further period of five (5) consecutive years with effect from 25 January 2017. A proposal for her re-appointment as the Executive Director and remuneration payable to her is being placed before the members for their approval at the ensuing Annual General Meeting.

In accordance with the provisions of Section 161 of the Companies Act, 2013, read with the Articles of Association of the Company, the Board of Directors of the Company in its meeting held on 19 October 2016 and 11 May 2017, co-opted Mr. Sunil Shah Singh and Mr. D. Sivanandhan, respectively, as Additional Independent Directors, as recommended by the Nomination and Remuneration Committee. Further, the Board of Directors of the Company in its meeting held on 4 July 2017, co-opted Mr. Vinesh Kumar Jairath and Mr. Ashit Parekh, as Additional Independent Directors, as recommended by the Nomination and Remuneration Committee.

These newly co-opted Directors hold office up to the date of the ensuing Annual General Meeting of the Company. The Company has received requisite notices under Section 160 of the Companies Act, 2013, in writing from a member signifying their intention to propose Mr. Sunil Shah Singh, Mr. D. Sivanandhan, Mr. Vinesh Kumar Jairath and Mr. Ashit Parekh as candidates for the office of Directors at the ensuing Annual General Meeting. All of them are eligible for appointment.

The Company has also received the requisite disclosure / declaration from Mr. Sunil Shah Singh, Mr. D. Sivanandhan, Mr. Vinesh Kumar Jairath and Mr. Ashit Parekh under Section 149 and other applicable provisions of the Companies Act, 2013.

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

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

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

During the year under review, Kothrud Power Equipment Limited has been struck off from the Register of Companies and consequently ceased to be an Associate Company with effect from 20 January 2017.

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 Report on Corporate Governance 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 as '**Annexure V**' to this Report.

VII. VIGIL MECHANISM:

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

VIII. PREVENTION OF SEXUAL HARASSMENT POLICY:

The Company has in place a 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 2017, is attached to the Balance Sheet as a part of the Financial Statements.

X. CORPORATE GOVERNANCE:

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

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

ATUL KIRLOSKAR
CHAIRMAN
DIN 00007387

Pune: 4 July 2017

ANNEXURE I TO THE DIRECTORS' REPORT**FORM NO. MGT - 9****EXTRACT OF ANNUAL RETURN****AS AT FINANCIAL YEAR ENDED 31 MARCH 2017**

[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 nd 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	51.45	2(87)(ii)
2.	* Kothrud Power Equipment Limited 13/A, 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)

* Kothrud Power Equipment Limited has been struck off from the Register of Companies and consequently, ceased to be an Associate Company with effect from 20 January 2017.


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	
A. Promoters									
(1) Indian									
a. Individual / Hindu Undivided Family	70,51,534	Nil	70,51,534	72.63	70,51,534	Nil	70,51,534	72.63	Nil
b. Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Bodies Corporates	500	Nil	500	0.01	16,644	Nil	16,644	0.17	0.16
e. Bank / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f. Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1) :-	70,52,034	Nil	70,52,034	72.64	70,68,178	Nil	70,68,178	72.80	0.16
(2) Foreign									
a. Non Resident Indians – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. Bodies Corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Banks / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	70,52,034	Nil	70,52,034	72.64	70,68,178	Nil	70,68,178	72.80	0.16
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	137	2,812	2,949	0.03	125	2,800	2,925	0.03	Nil
b. Banks / Financial Institutions	3,33,519	4,216	3,37,735	3.48	3,18,358	3,155	3,21,513	3.31	(0.17)
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	9,43,440	450	9,43,890	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
Sub-total (B) (1) :-	13,95,298	7,478	14,02,776	14.45	13,80,099	6,405	13,86,504	14.28	(0.17)
2. Non – Institutions									
a. Body Corporates									
i. Indian	62,116	1,444	63,560	0.65	47,783	1,432	49,215	0.51	(0.14)
ii. Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 Lakh	7,49,823	1,97,104	9,46,927	9.75	8,31,751	1,84,853	10,16,604	10.47	0.72
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	1,60,861	Nil	1,60,861	1.66	41,042	Nil	41,042	0.42	(1.24)
c. Others (Specify)									
i. Clearing members	20,886	Nil	20,886	0.22	82,482	Nil	82,482	0.85	0.63
ii. NRI (Repatriate)	6,938	3,101	10,039	0.10	7,675	3,101	10,776	0.11	0.01
iii. NRI (Non –Repatriate)	8,683	Nil	8,683	0.09	8,797	Nil	8,797	0.09	Nil
iv. Trusts	571	Nil	571	0.01	3,830	Nil	3,830	0.04	0.03
v. Foreign Nationals	425	Nil	425	Nil	491	Nil	491	0.01	0.01
vi. HUF	41,857	Nil	41,857	0.43	40,700	Nil	40,700	0.42	(0.01)
Sub-total (B) (2) :-	10,52,160	2,01,649	12,53,809	12.91	10,64,551	1,89,386	12,53,937	12.92	0.01
Total Public Shareholding (B) = (B) (1) + (B) (2)	24,47,458	2,09,127	26,56,585	27.36	24,44,650	1,95,791	26,40,441	27.20	(0.16)
C. Shares held by custodian for GDRs and ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	94,99,492	2,09,127	97,08,619	100.00	95,12,828	1,95,791	97,08,619	100.00	Nil


(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1.	Atul Kirloskar	16,35,300	16.84	0.00	16,35,300	16.84	0.00	Nil
2.	Rahul Kirloskar	16,21,688	16.70	0.00	16,21,688	16.70	0.00	Nil
3.	Sanjay Kirloskar	2,626	0.03	0.00	2,626	0.03	0.00	Nil
4.	Vikram Kirloskar	4,632	0.05	0.00	4,632	0.05	0.00	Nil
5.	Gautam Kulkarni	16,30,358	16.79	0.00	* 16,30,386	16.79	0.00	Nil
6.	Pneumatic Holdings Limited	200	0.00	0.00	200	0.00	0.00	Nil
7.	Mrinalini Kirloskar	5,856	0.06	0.00	5,856	0.06	0.00	Nil
8.	Suman Kirloskar	3,558	0.04	0.00	3,558	0.04	0.00	Nil
9.	Roopa Gupta	1,392	0.01	0.00	1,392	0.01	0.00	Nil
10.	Geetanjali Kirloskar	2	0.00	0.00	2	0.00	0.00	Nil
11.	Jyotsna Kulkarni	7,26,798	7.49	0.00	7,26,798	7.49	0.00	Nil
12.	Arti Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	Nil
13.	Alpana Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	Nil
14.	Navsai Investments Private Limited	100	0.00	0.00	100	0.00	0.00	Nil
15.	Alpak Investments Private Limited	100	0.00	0.00	100	0.00	0.00	Nil
16.	Achyut & Neeta Holdings & Finance Private Limited	100	0.00	0.00	100	0.00	0.00	Nil
17.	Kirloskar Chillers Private Limited	0	0.00	0.00	16,144	0.17	0.00	0.17
18.	Neeta Kulkarni	** 28	0.00	0.00	0.00	0.00	0.00	Nil

- Note:**
- In case of joint holdings, the name of first holder is considered.
 - No shares of promoters have been pledged or encumbered as on 01.04.2016 or 31.03.2017 or during the year ended 31.03.2017.
- * 28 equity shares of Smt. Neeta Kulkarni, transmitted to Mr. Gautam Kulkarni on 16 June 2016, on account of her demise on 28 March 2016.
- ** 28 equity shares transmitted to Mr. Gautam Kulkarni on 16 June 2016.

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

Sr. No.	Name of shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Atul Kirloskar				
	At the beginning of the year (01.04.2016)	16,35,300	16.84	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	16,35,300	16.84
2.	Rahul Kirloskar				
	At the beginning of the year (01.04.2016)	16,21,688	16.70	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	16,21,688	16.70
3.	Sanjay Kirloskar				
	At the beginning of the year (01.04.2016)	2,626	0.03	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	2,626	0.03
4.	Vikram Kirloskar				
	At the beginning of the year (01.04.2016)	4,632	0.05	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	4,632	0.05
5.	Gautam Kulkarni				
	At the beginning of the year (01.04.2016)	16,30,358	16.79	-	-
	Increase as on 16.06.2016 (28 equity shares transmitted on account of demise of Smt. Neeta Kulkarni)	28	0.00	16,30,386	16.79
	At the end of the year (31.03.2017)	-	-	16,30,386	16.79
6.	Pneumatic Holdings Limited				
	At the beginning of the year (01.04.2016)	200	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	200	0.00



Sr. No.	Name of shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	Mrinalini Kirloskar				
	At the beginning of the year (01.04.2016)	5,856	0.06	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	5,856	0.06
8.	Suman Kirloskar				
	At the beginning of the year (01.04.2016)	3,558	0.04	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	3,558	0.04
9.	Roopa Gupta				
	At the beginning of the year (01.04.2016)	1,392	0.01	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	1,392	0.01
10.	Geetanjali Kirloskar				
	At the beginning of the year (01.04.2016)	2	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	2	0.00
11.	Jyotsna Kulkarni				
	At the beginning of the year (01.04.2016)	7,26,798	7.49	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	7,26,798	7.49
12.	Arti Kirloskar				
	At the beginning of the year (01.04.2016)	7,09,648	7.31	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	7,09,648	7.31
13.	Alpana Kirloskar				
	At the beginning of the year (01.04.2016)	7,09,648	7.31	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	7,09,648	7.31

Sr. No.	Name of shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
14.	Navsai Investments Private Limited				
	At the beginning of the year (01.04.2016)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	100	0.00
15.	Alpak Investments Private Limited				
	At the beginning of the year (01.04.2016)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	100	0.00
16.	Achyut & Neeta Holdings & Finance Private Limited				
	At the beginning of the year (01.04.2016)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2017)	-	-	100	0.00
17.	Kirloskar Chillers Private Limited				
	At the beginning of the year (01.04.2016)	0	0.00	-	-
	Increase as on 27.09.2016 (acquired through open market)	30	0.00	30	0.00
	Increase as on 29.09.2016 (acquired through open market)	1,062	0.01	1,092	0.01
	Increase as on 30.09.2016 (acquired through open market)	46	0.00	1,138	0.01
	Increase as on 08.11.2016 (acquired through open market)	6	0.00	1,144	0.01
	Increase as on 23.11.2016 (acquired through open market)	5,000	0.05	6,144	0.06
	Increase as on 05.01.2017 (acquired through open market)	10,000	0.11	16,144	0.17
	At the end of the year (31.03.2017)	-	-	16,144	0.17
18.	Neeta Kulkarni				
	At the beginning of the year (01.04.2016)	28	0.00	-	-
	Decrease as on 16.06.2016 (28 equity shares transmitted on account of demise of Smt. Neeta Kulkarni)	28	0.00	0	0.00
	At the end of the year (31.03.2017)	-	-	0	0.00



(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
1.	India Capital Fund Limited					
	At the beginning of the year (01.04.2016)		9,43,439	9.72	-	-
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2017)		-	-	9,43,439	9.72
2.	The Oriental Insurance Company Limited					
	At the beginning of the year (01.04.2016)		1,43,752	1.48	-	-
	Decrease as on 24.06.2016	Transfer	(1,501)	(0.01)	1,42,251	1.47
	At the end of the year (31.03.2017)		-	-	1,42,251	1.47
3.	The New India Assurance Company Limited					
	At the beginning of the year (01.04.2016)		1,33,813	1.38	-	-
	Decrease as on 03.06.2016	Transfer	(4,678)	(0.05)	1,29,135	1.33
	Decrease as on 10.06.2016	Transfer	(2,292)	(0.02)	1,26,843	1.31
	Decrease as on 17.06.2016	Transfer	(2,472)	(0.03)	1,24,371	1.28
	Decrease as on 24.06.2016	Transfer	(2,369)	(0.02)	1,22,002	1.26
	Decrease as on 30.06.2016	Transfer	(1,325)	(0.02)	1,20,677	1.24
	Decrease as on 01.07.2016	Transfer	(680)	(0.00)	1,19,997	1.24
	At the end of the year (31.03.2017)		-	-	1,19,997	1.24
4.	General Insurance Corporation of India					
	At the beginning of the year (01.04.2016)		1,18,176	1.22	-	-
	Increase / Decrease in the shareholding		No change during the year			
	At the end of the year (31.03.2017)		-	-	1,18,176	1.22
5.	National Insurance Company Limited					
	At the beginning of the year (01.04.2016)		55,862	0.08	-	-
	Increase / Decrease in the shareholding		No change during the year			
	At the end of the year (31.03.2017)		-	-	55,862	0.08
6.	Jagdish Amritlal Shah jointly with Shaunak Jagdish Shah and Jagruti Shaunak Shah					
	At the beginning of the year (01.04.2016)		51,915	0.53	-	-
	Decrease as on 05.08.2016	Transfer	(21)	(0.00)	51,894	0.53
	Decrease as on 12.08.2016	Transfer	(1,501)	(0.01)	50,393	0.52
	Decrease as on 19.08.2016	Transfer	(1,014)	(0.01)	49,379	0.51
	Decrease as on 26.08.2016	Transfer	(7,062)	(0.07)	42,317	0.44
	Decrease as on 02.09.2016	Transfer	(320)	(0.01)	41,997	0.43
	Decrease as on 31.03.2017	Transfer	(955)	(0.01)	41,042	0.42
	At the end of the year (31.03.2017)		-	-	41,042	0.42

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
7.	Anil Kumar Goel					
	At the beginning of the year (01.04.2016)		46,400	0.48	-	-
	Decrease as on 31.03.2017	Transfer	(46,400)	(0.48)	0	0.00
	At the end of the year (31.03.2017)		-	-	0	0.00
8.	Arun Nahar					
	At the beginning of the year (01.04.2016)		16,518	0.17	-	-
	Increase / Decrease in the shareholding		No change during the year			
	At the end of the year (31.03.2017)		-	-	16,518	0.17
9.	Seema Goel					
	At the beginning of the year (01.04.2016)		15,000	0.15	-	-
	Decrease as on 31.03.2017	Transfer	(15,000)	(0.15)	0	0.00
	At the end of the year (31.03.2017)		-	-	0	0.00
10.	Jainam Share Consultants Private Limited					
	At the beginning of the year (01.04.2016)		13,086	0.13	-	-
	Increase as on 08.04.2016	Transfer	1,302	0.02	14,388	0.15
	Increase as on 15.04.2016	Transfer	141	0.00	14,529	0.15
	Decrease as on 22.04.2016	Transfer	(250)	(0.00)	14,279	0.15
	Increase as on 29.04.2016	Transfer	40	0.00	14,319	0.15
	Decrease as on 06.05.2016	Transfer	(20)	(0.00)	14,299	0.15
	Increase as on 13.05.2016	Transfer	20	0.00	14,319	0.15
	Decrease as on 20.05.2016	Transfer	(55)	(0.00)	14,264	0.15
	Increase as on 10.06.2016	Transfer	65	0.00	14,329	0.15
	Increase as on 17.06.2016	Transfer	35	0.00	14,364	0.15
	Increase as on 24.06.2016	Transfer	285	0.00	14,649	0.15
	Increase as on 30.06.2016	Transfer	15	0.00	14,664	0.15
	Increase as on 01.07.2016	Transfer	10	0.00	14,674	0.15
	Decrease as on 08.07.2016	Transfer	(45)	(0.00)	14,629	0.15
	Increase as on 15.07.2016	Transfer	316	0.00	14,945	0.15
	Decrease as on 22.07.2016	Transfer	(3)	(0.00)	14,942	0.15
	Increase as on 29.07.2016	Transfer	15	0.00	14,957	0.15
	Decrease as on 04.08.2016	Transfer	(142)	(0.00)	14,815	0.15
	Decrease as on 12.08.2016	Transfer	(157)	(0.00)	14,658	0.15
	Increase as on 19.08.2016	Transfer	2,205	0.02	16,863	0.17
	Decrease as on 26.08.2016	Transfer	(65)	(0.00)	16,798	0.17
	Decrease as on 02.09.2016	Transfer	(2,063)	(0.02)	14,735	0.15
	Decrease as on 09.09.2016	Transfer	(55)	(0.00)	14,680	0.15
	Increase as on 23.09.2016	Transfer	301	0.00	14,981	0.15
	Increase as on 30.09.2016	Transfer	42	0.00	15,023	0.15



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
	Increase as on 07.10.2016	Transfer	10	0.00	15,033	0.15
	Decrease as on 21.10.2016	Transfer	(30)	(0.00)	15,003	0.15
	Increase as on 28.10.2016	Transfer	32	0.00	15,035	0.15
	Decrease as on 04.11.2016	Transfer	(306)	(0.00)	14,729	0.15
	Decrease as on 11.11.2016	Transfer	(32)	(0.00)	14,697	0.15
	Increase as on 18.11.2016	Transfer	74	0.00	14,771	0.15
	Decrease as on 02.12.2016	Transfer	(10)	(0.00)	14,761	0.15
	Decrease as on 09.12.2016	Transfer	(120)	(0.00)	14,641	0.15
	Increase as on 16.12.2016	Transfer	3	0.00	14,644	0.15
	Increase as on 23.12.2016	Transfer	20	0.00	14,664	0.15
	Decrease as on 30.12.2016	Transfer	(30)	(0.00)	14,634	0.15
	Increase as on 13.01.2017	Transfer	20	0.00	14,654	0.15
	Decrease as on 27.01.2017	Transfer	(2,225)	(0.02)	12,429	0.13
	Increase as on 03.02.2017	Transfer	2,225	0.02	14,654	0.15
	Decrease as on 10.02.2017	Transfer	(13)	(0.00)	14,641	0.15
	Decrease as on 17.02.2017	Transfer	(450)	(0.00)	14,191	0.15
	Decrease as on 24.02.2017	Transfer	(11)	(0.00)	14,180	0.15
	Decrease as on 03.03.2017	Transfer	(256)	(0.00)	13,924	0.14
	Increase as on 10.03.2017	Transfer	217	0.00	14,141	0.15
	Decrease as on 17.03.2017	Transfer	(8)	(0.00)	14,133	0.15
	Decrease as on 24.03.2017	Transfer	(5)	(0.00)	14,128	0.15
	Decrease as on 31.03.2017	Transfer	(75)	(0.00)	14,053	0.14
	At the end of the year (31.03.2017)		-	-	14,053	0.14
11. Fortune Equity Brokers (India) Limited						
	At the beginning of the year (01.04.2016)		0	0.00	-	-
	Increase as on 31.03.2017	Transfer	61,400	0.63	61,400	0.63
	At the end of the year (31.03.2017)		-	-	61,400	0.63
12. Shree Stockvision Securities Limited						
	At the beginning of the year (01.04.2016)		11,888	0.12	-	-
	Increase / Decrease in the shareholding		No change during the year			
	At the end of the year (31.03.2017)		-	-	11,888	0.12

Notes:

a. In cases of joint holdings, 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 (01.04.2016)		Shareholding at the end of the year (31.03.2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Atul Kirloskar, Chairman	16,35,300	16.84	16,35,300	16.84
2.	Aditi Chirmule, Executive Director	Nil	Nil	Nil	Nil
3.	Nihal Kulkarni	Nil	Nil	Nil	Nil
4.	Anil Alawani	2,285	0.02	2,285	0.02
5.	Tejas Deshpande	Nil	Nil	Nil	Nil
6.	Mahesh Chhabria *	1,277	0.01	21,907	0.23
7.	Sunil Shah Singh **	NA	NA	Nil	Nil
8.	Shrikrishna Inamdar ***	1,432	0.01	NA	NA
9.	Vijay Bajhal ****	Nil	Nil	NA	NA
10.	Priyamvada Ranade *****	Nil	Nil	NA	NA

* Co-opted as an Additional Independent Director of the Company with effect from 24 May 2016 and subsequently, has been appointed as Independent Director by the members at the Annual General Meeting held on 11 August 2016.

** Co-opted as an Additional Independent Director of the Company with effect from 19 October 2016.

*** Resigned as Independent Director with effect from 8 June 2016.

**** Ceased to be a Director with effect from 2 September 2016, as the term of Vijay Bajhal as an Independent Director of the Company has ended on 1 September 2016.

***** Resigned as Independent Director with effect from 15 February 2017.

Notes:

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

Shareholding of Key Managerial Personnel (KMP):

Sr. No.	For each of the KMP	Shareholding at the beginning of the year (01.04.2016)		Shareholding at the end of the year (31.03.2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Aditi Chirmule, Executive Director	Nil	Nil	Nil	Nil
2.	Jasvandi Deosthale, Chief Financial Officer	Nil	Nil	Nil	Nil
3.	Ashwini Mali, Company Secretary	Nil	Nil	Nil	Nil

v. INDEBTEDNESS:

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

None


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

Sr. No.	Particulars of Remuneration	Name of Managing Director / Whole-time Director / Manager
		Aditi Chirmule – Executive Director
1.	Gross Salary	Amount in (₹)
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	32,07,889
	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
	Total (A)	47,29,489
	Ceiling as per the Companies Act, 2013	1,32,54,699

B. REMUNERATION TO OTHER DIRECTORS:

Amount in (₹)

Sr. No.	Name of Director	Particulars of remuneration			Total Amount in (₹)
		Fees for attending Board / Committee meetings	Commission	Others, please specify	
1.	Independent Director				
	Mahesh Chhabria *	1,30,000	5,00,000	Nil	6,30,000
	Tejas Deshpande	1,20,000	1,40,000	Nil	2,60,000
	Sunil Shah Singh **	50,000	1,00,000	Nil	1,50,000
	Shrikrishna Inamdar ***	30,000	60,000	Nil	90,000
	Vijay Bajhal ****	60,000	1,20,000	Nil	1,80,000
	Priyamvada Ranade *****	80,000	1,60,000	Nil	2,40,000
	Total (1)	4,70,000	10,80,000	Nil	15,50,000
2.	Non-Executive Directors				
	Atul Kirloskar	90,000	1,40,000	Nil	2,30,000
	Anil Alawani	1,50,000	5,00,000	Nil	6,50,000
	Nihal Kulkarni	1,00,000	1,00,000	Nil	2,00,000
	Total (2)	3,40,000	7,40,000	Nil	10,80,000
	Total (1+2)	8,10,000	18,20,000	Nil	26,30,000
	Total Managerial Remuneration				26,30,000
	Overall Ceiling as per the Companies Act, 2013				38,14,000

- * Co-opted as an Additional Independent Director on 24 May 2016 and appointed in the Annual General Meeting held on 11 August 2016.
- ** Co-opted as an Additional Independent Director on 19 October 2016.
- *** Resigned as Independent Director with effect from 8 June 2016.
- **** Ceased to be a Director with effect from 2 September 2016, as the term of Mr. Vijay Bajhal as an Independent Director of the Company has ended on 1 September 2016.
- ***** Resigned as Independent Director with effect from 15 February 2017.

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

Sr. No.	Particulars of Remuneration	Jasvandi Deosthale, Chief Financial Officer	Ashwini Mali, Company Secretary	Total Amount in (₹)
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	18,01,800	9,37,440	27,39,240
	b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	Nil	Nil	Nil
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total	18,01,800	9,37,440	27,39,240

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Pune: 4 July 2017

Sd/-
ATUL KIRLOSKAR
CHAIRMAN
DIN 00007387



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 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing 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 Listing 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 hospitalisation 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 Listing 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 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 Listing 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



SECRETARIAL AUDIT REPORT

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

For The Financial Year Ended 31st March 2017

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**, CIN L29112PN1978PLC088972, hereinafter called the Company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017, according to the provisions of:

- (i) The Companies Act, 2013, (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956, ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; [No incidence during the audit period, hence not applicable]
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992, ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - [No incidence during the audit period, hence not applicable]
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - [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 Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - [No incidence during the audit period, hence not applicable]
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;- [No incidence during the audit period, hence not applicable]
- (vi) No other law is applicable specifically to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The SEBI [(Listing Obligations and Disclosure Requirements) Regulations, 2015, (LODR / Listing Regulations), entered into by the Company with the BSE Limited and National Stock Exchange of India Limited.

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

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors (except one vacancy of Independent Director to be filled up within 3 months from 15th February 2017, as per LODR). 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 February 2017 and 31st March 2017, were convened at a shorter notice in compliance with provisions of the Companies Act, 2013, Rules thereof and the Secretarial Standard 1) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

Sd/-

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

Pune: 11 May 2017

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)

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

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

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

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

- Mr. Anil Alawani, Chairman
- Ms. Aditi Chirmule, Executive Director
- Mrs. Priyamvada Ranade, Independent Director (Resigned with effect from 15 February 2017).
- Mr. Sunil Shah Singh, Independent Director (Appointed with effect from 11 May 2017).

3. **Average net profit of the Company for last three Financial Years:** ₹ 2,994.08 Lakhs

4. **Prescribed CSR Expenditure (two percentage of the amount as in item 3 above):** ₹ 59.88 Lakhs

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

(a) Total amount to be spent for the Financial Year: ₹ 59.88 Lakhs

(b) Amount unspent, if any: Nil

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) local area or other (2) specify the State and District where project or programme was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programme sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent direct or through implementing agency
1	Madhavi Kapur Foundation – Aman Setu – My School Project	Promoting Education	District – Pune, Maharashtra	19.91	19.91	19.91	19.91 – Direct
2	Madhavi Kapur Foundation – Contribution by way of donation to corpus fund	Promoting Education	District – Pune, Maharashtra	40.00	40.00	40.00	40.00 – Direct
3	Contribution to corpus of S.L. Kiroshkar CSR Foundation	Promoting Education and Healthcare	District – Pune, Maharashtra	00.98	00.98	00.98	00.98 – Direct
	Total			60.89	60.89	60.89	

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 Chirmule
 Executive Director
 DIN 01138984

Sd/-
Anil 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	Name of Director	Ratio
		Atul Kirloskar, Chairman	0.33
		Aditi Chirmule, Executive Director	10.53
		Nihal Kulkarni	0.29
		Anil Alawani	0.94
		Tejas Deshpande	0.37
		Mahesh Chhabria (Appointed w.e.f. 24 May 2016)	0.91
		Sunil Shah Singh (Appointed w.e.f. 19 October 2016)	0.22
		Shrikrishna Inamdar (Resigned w.e.f. 8 June 2016)	0.13
		Vijay Bajhal (Ceased w.e.f. 2 September 2016)	0.26
		Priyamvada Ranade (Resigned w.e.f. 15 February 2017)	0.35
ii.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Name of Director / Chief Financial Officer / Company Secretary	Percentage Increase / (decrease) in the Remuneration
		Atul Kirloskar, Chairman	9.50
		Aditi Chirmule, Executive Director	42.20
		Nihal Kulkarni	5.30
		Anil Alawani	0.00
		Tejas Deshpande	13.00
		Mahesh Chhabria (Appointed w.e.f. 24 May 2016)	Not applicable
		Sunil Shah Singh (Appointed w.e.f. 19 October 2016)	Not applicable
		Shrikrishna Inamdar (Resigned w.e.f. 8 June 2016)	Not applicable
		Vijay Bajhal (Ceased w.e.f. 2 September 2016)	Not applicable
		Priyamvada Ranade (Resigned w.e.f. 15 February 2017)	Not applicable
		Jasvandi Deosthale	30.00
		Ashwini Mali	30.00
iii.	The percentage increase in the median remuneration of employees in the financial year	11.68%	
iv.	The number of permanent employees on the rolls of Company	8 including Executive Director	
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and	13.80% (on annualised basis)	
	its comparison with the percentile increase in the managerial remuneration and	0.85 % (on annualised basis)	
	justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	There are no exceptional circumstances for increase in the managerial remuneration.	

Sr. No.	Particulars	
vi.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	The Board affirms that the remuneration is as per the Nomination and Remuneration Policy of the Company.
vii.	Statement showing the name of top ten employees in terms of remuneration drawn and the name of every employee, who (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company. It shall also indicate: (i) Designation of the employee; (ii) remuneration received; (iii) nature of employment, whether contractual or otherwise; (iv) qualifications and experience of the employee; (v) date of commencement of employment; (vi) the age of such employee; (vii) the last employment held by such employee before joining the Company; (viii) the percentage of equity shares held by the employee in the Company within the meaning of Clause (iii) of Sub-Rule (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; (ix) whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager.	Nil

For and on behalf of the Board of Directors

Sd/-
ATUL KIRLOSKAR
CHAIRMAN
DIN 00007387

Pune: 4 July 2017



REPORT ON CORPORATE GOVERNANCE

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

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

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

2. BOARD OF DIRECTORS:

a. Composition of the Board:

The Board of Directors comprises seven Directors as on 31 March 2017. Mrs. Priyamvada Ranade resigned as a Director of the Company with effect from 15 February 2017.

The Composition of the Board is as under:

Category of Directors	No. of Directors
Executive	1
Non-Executive and Independent	3
Non-Executive and Non-Independent	3
Total	7

b. Number of Board Meetings:

During the Financial Year under review, six meetings of the Board of Directors were held on 24 May 2016, 11 August 2016, 19 October 2016, 18 January 2017, 28 February 2017 and 31 March 2017.

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 2016-17 and the Annual General Meeting (AGM) held on 11 August 2016, Directorships and Committee positions in other public companies of which the Director is a Member / Chairman / Chairperson and the shareholding of Non-Executive Directors as at 31 March 2017, 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
1	Executive Director						
	Aditi Chirmule	NA	Nil	Nil	Nil	6	Present
2 3 4	Non-Executive and Non-Independent Directors						
	Atul Kirloskar ***	16,35,300	5 @	1	Nil	6	Present
	Nihal Kulkarni ***	Nil	3	Nil	1	5	Present
	Anil Alawani	2,285	2 @	1	3	5	Present
5 6 7	Non-Executive and Independent Director						
	Tejas Deshpande	Nil	Nil	Nil	Nil	6	Present
	Mahesh Chhabria #	### 21,197	1	Nil	1	6	Present
	Sunil Shah Singh ##	Nil	2 @	1	2	2	NA

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
8	Vijay Bajhal (<i>ceased to be a Director w.e.f. 2 September 2016, on completion of his term</i>)	NA	NA	NA	NA	2	Present
9	Shrikrishna Inamdar (<i>resigned w.e.f. 8 June 2016</i>)	1,432	4	NA	NA	1	NA
10	Priyamvada Ranade (<i>resigned w.e.f. 15 February 2017</i>)	NA	NA	NA	NA	3	Present

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 the Securities and Exchange Board of India (SEBI) (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

Co-opted as an Additional Independent Director with effect from 24 May 2016 and further appointed as an Independent Director by the members at their Annual General Meeting held on 11 August 2016.

Co-opted as an Additional Independent Director with effect from 19 October 2016.

Out of 21,197 equity shares, 15,000 equity shares were acquired on 30.03.2017, which were not credited to Demat account on 31.03.2017.

@ ceased to be a Director of Pneumatic Holdings Limited (PHL) with effect from 28 April 2017, as PHL is dissolved pursuant to the Scheme of Arrangement and Amalgamation between Kirloskar RoadRailer Limited, PHL and Kirloskar Pneumatic Company Limited and their respective shareholders.

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

As on 31 March 2017, none of the current Directors are related to each other within the meaning of Section 2 (77) of the Companies Act, 2013 and the Rules thereof.

d. Criteria for performance evaluation:

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

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

e. Meeting of Independent Directors:

The meeting of Independent Directors was held on Friday, 9 December 2016, 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.

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

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

g. Code of Conduct:

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

All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the 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 five Non-Executive Directors, majority of who are Independent.

During the Financial Year under review, six meetings of the Committee were held on 24 May 2016, 11 August 2016, 19 October 2016, 30 November 2016, 18 January 2017 and 28 February 2017.

Sr. No.	Name of the Member Director	Category	Number of meetings attended
1.	Mahesh Chhabria* (Chairman)	Non-Executive Independent	5
2.	Tejas Deshpande	Non-Executive Independent	6
3.	Sunil Shah Singh **	Non-Executive Independent	2
4.	Nihal Kulkarni	Non-Executive Non-Independent	5
5.	Anil Alawani	Non-Executive Non-Independent	5
6.	Shrikrishna Inamdar (resigned w.e.f. 8 June 2016)	Non-Executive Independent	1
7.	Vijay Bajhal (ceased to be a Director w.e.f. 2 September 2016, on completion of his term)	Non-Executive Independent	2
8.	Priyamvada Ranade (resigned w.e.f. 15 February 2017)	Non-Executive Independent	3

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

* Appointed as a Member of the Committee with effect from 11 August 2016 and Chairman of the Committee with effect from 19 October 2016.

** Appointed as a Member of the Committee with effect from 19 October 2016.

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 Bajhal, Chairman of the Committee as on 11 August 2016, was present at the Annual General Meeting of the Company held on Thursday, 11 August 2016.

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 specified in Section 177 of the Companies Act, 2013 and *inter alia* includes the following:

- Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that, the Financial Statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board, for approval, with particular reference to:
 - 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;
 - changes, if any, in accounting policies and practices and reasons for the same;
 - major accounting entries involving estimates based on the exercise of judgment by the management;



- d) significant adjustments made in the Financial Statements arising out of audit findings;
- e) compliance with listing and other legal requirements relating to Financial Statements;
- f) disclosure of any related party transactions;
- g) modified opinion(s) in the draft Audit Report;
5. Reviewing with the management, the Quarterly Financial Statements before submission to the Board for approval.
6. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with Internal Auditors of any significant findings and follow up thereon.
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with Statutory Auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. Reviewing the functioning of the Whistle Blower mechanism.
19. Approval of appointment of Chief Financial Officer after accessing the qualifications, experience and background, etc. of the candidate.
20. Mandatorily reviewing the following information:
 - A. Management discussion and analysis of financial condition and results of operations;
 - B. statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
 - C. management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - D. Internal Audit Reports relating to internal control weaknesses;
 - E. the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee; and
 - F. statement of deviations:
 - A. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32 (1);
 - B. Annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32 (7).
21. Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

c. Powers of the Audit Committee:

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

4. NOMINATION AND REMUNERATION COMMITTEE:

a. Composition:

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

During the Financial Year under review, three meetings of the Committee were held on 24 May 2016, 19 October 2016 and 18 January 2017.

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

Sr. No.	Name of the Member Director	Category	Number of meetings attended
1.	Mahesh Chhabria* (Chairman)	Non-Executive Independent	2
2.	Sunil Shah Singh **	Non-Executive Independent	1
3.	Atul Kirloskar	Non-Executive Non-Independent	3
4.	Anil Alawani	Non-Executive Non-Independent	3
5.	Shrikrishna Inamdar (resigned w.e.f. 8 June 2016)	Non-Executive Independent	1
6.	Vijay Bajhal (ceased to be a Director w.e.f. 2 September 2016, on completion of his term)	Non-Executive Independent	1
7.	Priyamvada Ranade *** (resigned w.e.f. 15 February 2017)	Non-Executive Independent	1

* Appointed as a Chairman of the Committee with effect from 19 October 2016.

** Appointed as a Member of the Committee with effect from 18 January 2017.

*** Appointed as a Member of the Committee with effect from 19 October 2016 and resigned as a Director of the Company with effect from 15 February 2017.

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 specified in Section 178 of the Companies Act, 2013 and *inter alia* includes the following:

- 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.
- Formulation of criteria for evaluation of performance of independent directors and the Board of Directors.
- Devising a policy on diversity of Board of Directors.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- Whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors.

c. Remuneration to Directors:

The Board has on the recommendation of the Nomination and Remuneration Committee adopted the 'Nomination and Remuneration Policy' for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel and their remuneration. The policy is 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 the 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 2016-17:

Sr. No.	Name of Director	Basic Salary	Allowances	Perquisites & Other Benefits	Sitting Fees	Commission	Total
Executive Director							
1.	Aditi Chirmule	27,69,194	--	30,46,109	NA	15,00,000	73,15,303
Non-Executive Director							
2.	Atul Kirloskar	--	--	--	90,000	1,40,000	2,30,000
3.	Nihal Kulkarni	--	--	--	1,00,000	1,00,000	2,00,000
4.	Anil Alawani	--	--	--	1,50,000	5,00,000	6,50,000
5.	Mahesh Chhabria #	--	--	--	1,30,000	5,00,000	6,30,000
6.	Tejas Deshpande	--	--	--	1,20,000	1,40,000	2,60,000
7.	Sunil Shah Singh ##	--	--	--	50,000	1,00,000	1,50,000
8.	Shrikrishna Inamdar ###	--	--	--	30,000	60,000	90,000
9.	Vijay Bajhal ####	--	--	--	60,000	1,20,000	1,80,000
10.	Priyamvada Ranade #####	--	--	--	80,000	1,60,000	2,40,000
	TOTAL	27,69,194	--	30,46,109	8,10,000	33,20,000	99,45,303

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.
- # Co-opted as an Additional Independent Director with effect from 24 May 2016 and further appointed as an Independent Director in the Annual General Meeting held on 11 August 2016.
- ## Co-opted as an Additional Independent Director with effect from 19 October 2016.
- ### Resigned as a Director of the Company with effect from 8 June 2016.
- #### Ceased to be Director of the Company with effect from 2 September 2016, on completion of his term.
- ##### Resigned as a Director of the Company with effect from 15 February 2017.

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 two Directors, viz., Mr. Anil Alawani, Non-Independent Director and Ms. Aditi Chirmule, Executive Director. Mr. Anil Alawani acts as a Chairman of the Committee. Mrs. Priyamvada Ranade, Independent Director, who was a member of the Committee resigned as a Director of the Company with effect from 15 February 2017.

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 19 October 2016. All the present Committee members attended the said meeting.

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

The Compliance Officer can be contacted at:

Kirloskar Industries Limited

13/A, Karve Road, Kothrud,

Pune - 411 038.

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

E-mail: Ashwini.Mali@kirloskar.com

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

The total number of complaint received and redressed during the year ended 31 March 2017, was one and there was no complaint pending as on 31 March 2017.

The Company had no share transfer requests pending as on 31 March 2017.

6. DETAILS OF GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Type of Meeting	Venue	Special Resolutions passed
2015-16	11 August 2016	11.30 a.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	-
2014-15	28 August 2015	11.00 a.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	-
2013-14	2 September 2014	11.00 a.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	i. 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. ii. Amendment in Article 122 of the Articles of Association of the Company.

**RESOLUTIONS PASSED BY POSTAL BALLOT**

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

7. OTHER DISCLOSURES:

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

i. Related Party Transactions:

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

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

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

iii. Whistle Blower Policy / Vigil Mechanism:

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

iv. Policy for determining 'material' subsidiaries:

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

v. Related Party Transactions Policy:

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

vi. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-Regulation (2) of Regulation 46 of the Regulations.**8. DISCRETIONARY REQUIREMENTS:**

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

1. Shareholder Rights:

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

2. Modified opinion in Audit Report:

The Company already is in the regime of un-qualified Financial Statements. There are no modified audit opinions on the Financial Statements of the Company for the year ended 31 March 2017, 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 2017, 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 was neither required to maintain cost records relating to Electricity Industry (Windmills) for the Financial Year 2016-17, in Form (CRA-1) nor was 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 financial results and official news releases of the Company are also displayed on the website of the Company, viz., www.kil.net.in.

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

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



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

12. GENERAL INFORMATION FOR SHAREHOLDERS:

a. Annual General Meeting:

Corporate Identification Number (CIN)	L29112PN1978PLC088972
Annual General Meeting	Date and Day : Monday, 28 August 2017 Time : 11.00 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, 22 August 2017 to Monday, 28 August 2017
Dividend Payment Date	On or before 11 September 2017
Last date of receipt of proxy forms	Saturday, 26 August 2017
Financial Year 2016-17	During the year, the financial results were announced as under: First quarter : 11 August 2016 Second quarter : 19 October 2016 Third quarter : 18 January 2017 Annual : 11 May 2017
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 email address for investor services	investorrelations@kirloskar.com

b. Shareholding Pattern as on 31 March 2017:

Sr. No.	Category	No. of shares	% of Shareholding
1.	Promoters	70,68,178	72.80
2.	Mutual Funds / UTI	2,925	0.03
3.	Banks / Financial Institutions and Insurance Companies	4,39,689	4.53
4.	Other Bodies Corporates	49,215	0.51
5.	Foreign Institutional Investors	450	0.00
6.	Foreign Portfolio Investors	9,43,440	9.72
6.	Clearing Members	82,482	0.85
7.	NRI	19,573	0.20
8.	Trusts	3,830	0.04
9.	Foreign Nationals	491	0.01
10.	Hindu Undivided Family	40,700	0.42
11.	General Public	10,57,646	10.89
	TOTAL	97,08,619	100.00

c. Distribution of Shareholding as on 31 March 2017:

Shareholding of nominal value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In ₹	% to Total
(1)		(2)	(3)	(4)	(5)
Up to	5,000	20,051	98.06	56,25,040	5.79
5,001	10,000	207	1.01	15,07,280	1.55
10,001	20,000	104	0.51	14,82,350	1.53
20,001	30,000	34	0.17	8,28,190	0.85
30,001	40,000	9	0.04	3,27,640	0.34
40,001	50,000	9	0.04	4,12,740	0.43
50,001	1,00,000	15	0.07	10,58,750	1.09
1,00,001 and above		18	0.10	8,58,44,200	88.42
TOTAL		20,447	100.00	9,70,86,190	100.00

Dematerialisation of shares and liquidity (as on 31 March 2017)	95,12,828
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

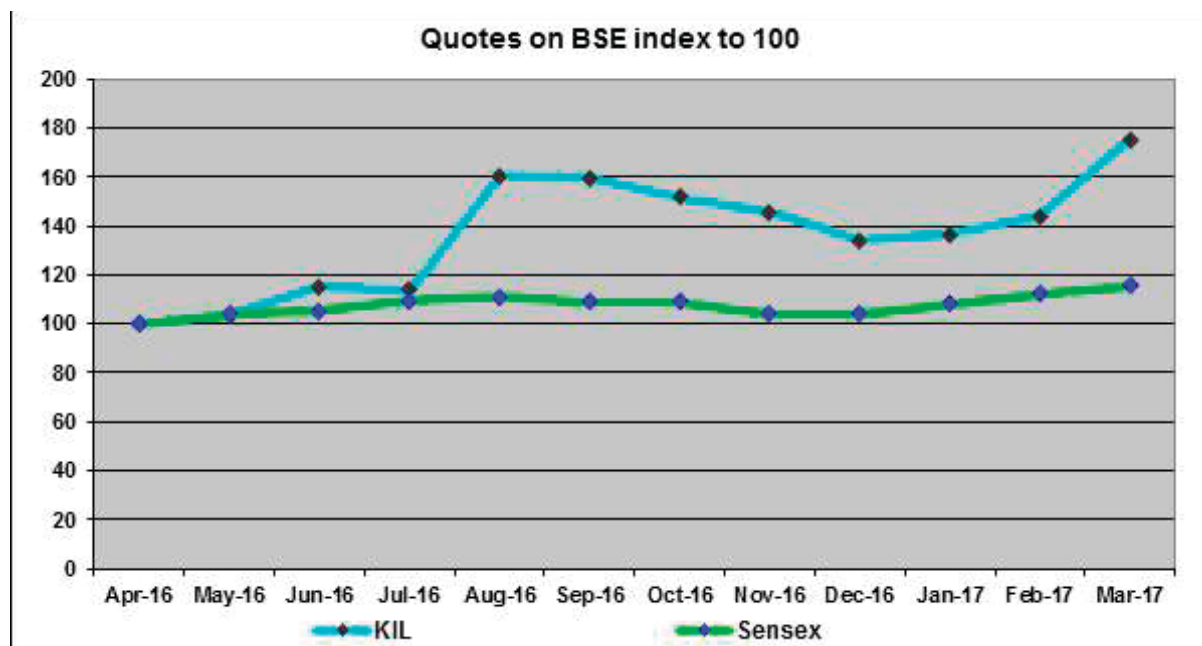
d. Market Price Data:

Monthly high / low during the year 2016-17, on the BSE and NSE are as under:

Stock Exchange	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2016	642.00	581.00	643.90	580.50
May 2016	666.00	590.00	666.00	588.00
June 2016	740.00	627.00	738.80	615.70
July 2016	732.00	689.00	725.00	682.00
August 2016	1,031.00	711.00	1,045.00	705.00
September 2016	1,024.00	856.00	1,040.00	850.05
October 2016	975.55	830.00	967.95	850.00
November 2016	935.90	737.00	916.95	745.00
December 2016	860.30	765.00	894.80	777.00
January 2017	877.35	780.00	883.00	775.00
February 2017	923.90	816.00	925.00	825.05
March 2017	1124.00	879.40	1120.00	832.10



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



f. **Share Transfer System:**

- The applications for transfer of shares lodged at the Company's Registrar and Share Transfer Agent (the R&T Agent) in physical form are processed within 15 days of receipt of the documents valid and complete in all respects. After such processing, the R&T Agent will issue share certificate to the concerned 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.
- Pursuant to Regulation 40 (9) of the Regulations, a certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.
- Registrar and Share Transfer Agent (R&T Agent):**

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

The contact details are as follows:

Link Intime India Private Limited	'Akshay' Complex, Block No. 202, 2 nd 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 email addresses with the Company / the Registrar and Share Transfer Agent (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 Registrar and Share Transfer Agent.

g. Location of Windmills:

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

h. Address for correspondence:

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

j. CEO / CFO Certification:

The CEO / CFO Certificate signed by Ms. Aditi Chirmule, Executive Director and Mrs. Jasvandi Deosthale, Chief Financial Officer, was placed before the meeting of the Board of Directors held on 11 May 2017.

**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 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, reading 'A Chirmule'.

Aditi Chirmule
Executive Director
DIN 01138984

Pune: 11 May 2017

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 2017, as stipulated in Schedule V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('the Regulations').

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

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

We further state that such compliance is neither an assurance as to the future viability of the Company 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 Number: 100515W

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

Pune: 11 May 2017

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, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, 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, 2017, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017, from being appointed as a Director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has included the disclosure of the impact of pending litigations on its financial position in its Financial Statements under Note 24, Contingent Liabilities.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - (iv) The Company has provided requisite disclosures in the Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 31, Disclosure on Specified Bank Notes (SBNs).

For G. D. APTE & CO.

Chartered Accountants

Firm Registration Number: 100515W

Sd/-

U. S. ABHYANKAR

Partner

Membership Number: 113053

Pune : 11 May 2017

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

- i.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets according to which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
 - (c) The title deeds of immovable properties are held in the name of the Company.
- ii. Considering the nature of the inventories of the Company [Renewable Energy Certificates (RECs)], the provisions of paragraph 3(ii) of the Order are not applicable to the Company.
- iii. Based on the audit procedures conducted by us and according to the information and explanations given to us, in our opinion, no loans, secured or unsecured have been granted to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.
- iv. Based on the audit procedures conducted by us and according to the information and explanations given to us, in our opinion, the Company has not given any loans, guarantees or securities to any of its Directors or to any other persons in whom the Director is interested under Section 185. The Company has complied with the provisions of Section 186 of the Act 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 the 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	235.82 (Out of this, ₹ 150.00 lakhs paid under protest)	2013-14	Commissioner of Income Tax (Appeals)



- viii. The Company has not availed any loan from any financial institution, bank, government or debenture holders. As such, the reporting under this paragraph regarding default of the Company in repayment of dues to financial institution, bank, government or debenture holders is not required.
- ix. During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. 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 the Act where applicable and the details as required by the applicable accounting standards have been disclosed in the Financial Statements.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given to us, we report that the Company has not entered into any non-cash transactions of the nature as described in Section 192 (1) of the Act.
- xvi. Based upon the audit procedures performed by us and as per the information and explanations given to us, we report that the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For G. D. APTE & CO.

Chartered Accountants

Firm Registration Number: 100515W

Sd/-

U. S. ABHYANKAR

Partner

Membership Number: 113053

Pune : 11 May 2017

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, 2017, 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. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For G. D. APTE & CO.

Chartered Accountants

Firm Registration Number: 100515W

Sd/-

U. S. ABHYANKAR

Partner

Membership Number: 113053

Pune : 11 May 2017

BALANCE SHEET AS AT 31 MARCH 2017**(₹ in Lakhs)**

	Note No.	As at 31 March 2017	As at 31 March 2016
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	970.87	970.87
(b) Reserves and surplus	4	75,011.56	72,129.15
2 Non-current liabilities			
(a) Deferred tax liability (Net)	38	155.20	126.28
(b) Other long term liabilities	5	1,588.32	1,589.89
(c) Long-term provisions	6	223.18	50.65
3 Current liabilities			
(a) Trade payables	7	10.50	5.83
(b) Other current liabilities	8	185.40	215.92
(c) Short-term provisions	9	3.08	2.20
TOTAL		78,148.11	75,090.79
II. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	10	669.03	581.32
(b) Intangible assets	10	-	0.01
(c) Capital work-in-progress		17.84	-
(d) Non-current investments	11	68,638.00	68,644.87
(e) Long-term loans and advances	12	695.51	536.01
(f) Other non-current assets	13	72.02	200.04
2 Current assets			
(a) Current investments	14	-	-
(b) Inventories		1.65	1.40
(c) Trade receivables	15	177.98	45.58
(d) Cash and Cash Equivalents	16	7,166.66	4,385.33
(e) Short-term loans and advances	17	29.32	40.42
(f) Other current assets	18	680.10	655.81
TOTAL		78,148.11	75,090.79

Notes forming part of the 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 KIRLOSKAR
Chairman
DIN 00007387

ADITI CHIRMULE
Executive Director
DIN 01138984

U.S. ABHYANKAR
Partner
Membership Number: 113053

ASHWINI MALI
Company Secretary
ACS 19944

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 11 May 2017

Pune: 11 May 2017



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

	Note No.	2016-17	2015-16
I. Revenue from operations	19	353.01	475.04
II. Other income	20	4,443.59	7,194.89
III. Total Revenue (I + II)		4,796.60	7,669.93
IV. Expenses:			
Cost of Renewable Energy Credit Units Sold		8.99	3.59
Employee benefits expense	21	147.23	109.74
Operating and Other expenses	22	732.81	573.61
Depreciation and amortization expense	23	100.33	88.67
Corporate Social Responsibility activities	39	60.91	56.50
V Total expenses		1,050.27	832.11
VI Profit / (Loss) before tax (III- V)		3,746.33	6,837.82
VII Tax expense / (income):			
Current tax		835.00	815.79
Deferred tax		28.92	(2.98)
Total		863.92	812.81
VIII Profit / (Loss) for the year (VI-VII)		2,882.41	6,025.01
IX Earnings per equity share		₹	₹
[Nominal value of Share ₹ 10 (31 March 2016 ₹ 10)]			
Basic & Diluted		29.69	62.05

Notes forming part of the 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 KIRLOSKAR
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Pune: 11 May 2017

Pune: 11 May 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**(₹ in Lakhs)**

	2016-17	2015-16
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax:	3,746.33	6,837.82
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Add:		
Depreciation and amortization	100.33	88.67
Advance written off	0.04	-
Loss on sale of fixed assets	0.19	-
Periodic unwinding of discount on decommissioning	11.77	-
	112.33	88.67
Less:		
Profit on sale of investments	25.22	111.91
Provisions no longer required, written back	1.28	27.59
Interest earned	467.33	671.43
Dividend on investments	712.90	3,504.78
Income from licensing of property	3,235.27	2,862.17
	4,442.00	7,177.88
Operating profit before working capital changes	(583.34)	(251.39)
Changes in working capital		
Increase / (Decrease) in trade payables	4.67	5.83
Increase / (Decrease) in long term provisions	22.08	5.44
Increase / (Decrease) in short term provisions	0.88	0.39
Increase / (Decrease) in other current liabilities	15.60	6.22
Decrease / (increase) in trade receivables	(132.37)	(45.58)
Decrease / (increase) in inventories	(0.24)	0.12
Decrease / (increase) in long-term loans and advances	(12.16)	-
Decrease / (increase) in short-term loans and advances	11.05	13.11
Decrease / (increase) in other current assets	91.03	(248.51)
Sub total	0.54	(262.98)
Net cash generated / (utilised) from operations	(582.80)	(514.37)
Direct Taxes Paid	(980.10)	(776.38)
NET CASH GENERATED / (UTILISED) FROM OPERATING ACTIVITIES	(1,562.90)	(1,290.75)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Add:		
Sale of investments	33.78	112.70
Interest received	351.95	1,004.95
Dividend received	712.90	3,504.78
Licensing of property	3,235.34	2,862.13
Security deposit	9.84	443.77
Sub total	4,343.81	7,928.33



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	(₹ in Lakhs)	
	2016 - 2017	2015 - 2016
Less:		
Purchase of investments	(26.49)	(8,941.83)
Investments in bank deposits (having original maturity of more than three months) (Net)	(2,378.33)	6,626.62
Purchase of fixed assets including capital work in progress	(42.61)	(2.68)
Capital advances for purchase of fixed assets	(2.25)	-
Sub total	(2,449.68)	(2,317.89)
NET CASH GENERATED / (UTILISED) FROM INVESTING ACTIVITIES	1,894.13	5,610.44
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of unclaimed dividend for earlier years	(56.23)	(3,838.88)
Tax on dividend	-	(431.19)
NET CASH GENERATED / (UTILISED) IN FINANCING ACTIVITIES	(56.23)	(4,270.07)
D. Net Increase / (Decrease) in Cash and Cash Equivalents	275.00	49.62
E. Cash and Cash Equivalents at the beginning of the year	168.00	118.38
F. Cash and Cash Equivalents at the end of the year	443.00	168.00
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	0.05	0.06
With banks -		
- on current account	21.20	17.46
- on deposit account	367.50	40.00
- unclaimed dividend accounts / fractional entitlement *	54.25	110.48
Total Cash and Cash Equivalents	443.00	168.00

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

Notes:

- 1 The above Cash Flow Statement 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.
- 2 Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- 3 All figures in brackets indicate outflow.

As per our attached report of even date

For and on behalf of the Board of Directors

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

ATUL KIRLOSKAR
Chairman
DIN 00007387

ADITI CHIRMULE
Executive Director
DIN 01138984

U.S. ABHYANKAR
Partner
Membership Number: 113053

ASHWINI MALI
Company Secretary
ACS 19944

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 11 May 2017

Pune: 11 May 2017

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

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

I. Property, Plant and Equipment and Intangible Assets

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

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.

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

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 investment property and is equal to the corresponding useful lives prescribed in Schedule II of the Act.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

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 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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

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

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

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

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

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017**m. Segment Reporting****I. Identification of segments**

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

II. Allocation of common costs

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

III. Unallocated items

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

IV. Segment Policies

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

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 except in case of decommissioning, restoration and similar liabilities that are recognised as cost of Property, Plant and Equipment. The discount rate used is a pre-tax rate that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Periodic unwinding of discount is recognised in the Statement of Profit and Loss.

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

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 2017

NOTE 3:

SHARE CAPITAL

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	Nos.	(₹ in Lakhs)	Nos.	(₹ in Lakhs)
Authorised Equity Shares of ₹ 10 each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued and Subscribed Equity Shares of ₹ 10 each	97,08,650	970.87	97,08,650	970.87
Called up and Paid up Equity Shares of ₹ 10 each fully paid up	97,08,619	970.87	97,08,619	970.87
Share Capital Suspense Account* Equity Shares of ₹ 10 each fully paid up	31	-	31	-
Total	97,08,650	970.87	97,08,650	970.87

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

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	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 FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

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

Name of Shareholder	As at 31 March 2017		As at 31 March 2016	
	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%
Atul Chandrakant Kirloskar #	16,35,300	16.84%	16,35,300	16.84%
Rahul Chandrakant Kirloskar # #	16,21,688	16.70%	16,21,688	16.70%
Gautam Achyut Kulkarni # # #	16,30,386	16.79%	16,30,358	16.79%
Arti Atul Kirloskar	7,09,648	7.31%	7,09,648	7.31%
Jyostna Gautam Kulkarni	7,26,798	7.49%	7,26,798	7.49%
Alpana Rahul Kirloskar	7,09,648	7.31%	7,09,648	7.31%

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

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

Out of these, 16,30,358 equity shares are held jointly with Jyostna Gautam Kulkarni and 28 equity shares in the individual capacity.

(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)				
	2016-17	2015-16	2014-15	2013-14	2012-13
Equity Shares :					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares bought back	-	-	-	-	-

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

	(₹ in Lakhs)	
	As at 31 March 2017	As at 31 March 2016
NOTE 4:		
RESERVES AND SURPLUS		
General Reserves:		
Balance as per last account	32,261.91	32,261.91
Add: Transfer from surplus of the Statement of Profit and Loss	-	-
Closing Balance	32,261.91	32,261.91
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as per last account	39,867.24	36,000.59
Add: Net Profit transferred from the Statement of Profit and Loss	2,882.41	6,025.01
Amount available for appropriation	42,749.65	42,025.60
Less: Appropriations:		
Interim Dividend	-	1,941.73
Tax on Interim Dividend	-	216.63
Net surplus in the Statement of Profit and Loss	42,749.65	39,867.24
Total	75,011.56	72,129.15
NOTE 5:		
OTHER LONG TERM LIABILITIES		
Security Deposits	1,588.32	1,589.89
Total	1,588.32	1,589.89
NOTE 6:		
LONG TERM PROVISIONS		
Provision for employee benefits		
Gratuity	41.91	27.47
Leave Encashment	30.83	23.18
Provision for Decommissioning and Restoration (Refer Note 29)	150.44	-
Total	223.18	50.65

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

As at 31 March 2017 As at 31 March 2016

NOTE 7:**TRADE PAYABLES**

Open Access charges payable to MSEDCL	10.50	5.83
Total	10.50	5.83

NOTE 8:**OTHER CURRENT LIABILITIES**

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

- Unclaimed equity dividend*	51.61	107.84
- Unclaimed fractional entitlement	2.72	2.72

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

Tax deducted at Source and Works Contract Tax	4.77	4.25
Employee benefits	25.23	22.62
Creditors for expenses and others	42.56	35.59
Security deposits	40.31	28.90
Commission payable to Directors	18.20	14.00
Total	185.40	215.92

NOTE 9:**SHORT TERM PROVISIONS****Provision for employee benefits**

Gratuity	0.41	0.28
Leave Encashment	2.67	1.92
Total	3.08	2.20



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 10:

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Property, Plant and Equipment (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								
Gross Block										
Balance as at 1 April 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	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	2,629.69	9.39	59.51	11.40	14.12	9.49	7.34	2,740.94	1.01	2,741.95
- Additions	-	-	8.94	-	7.73	8.09	-	24.76	-	24.76
- (Disposals) / Adjustments (Refer Note 29)	138.67	-	-	-	-	(0.38)	-	138.29	-	138.29
Balance as at 31 March 2017	2,768.36	9.39	68.45	11.40	21.85	17.21	7.34	2,903.99	1.01	2,905.00
Accumulated Depreciation										
Balance as at 1 April 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	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	2,093.81	3.61	31.96	9.45	10.50	7.87	2.42	2,159.62	1.00	2,160.62
- Depreciation charge for the year	62.73	0.55	5.95	1.95	1.58	1.95	0.81	75.52	0.01	75.53
- On (Disposals) / Adjustments	-	-	-	-	-	(0.18)	-	(0.18)	-	(0.18)
Balance as at 31 March 2017	2,156.54	4.16	37.91	11.40	12.08	9.64	3.23	2,234.96	1.01	2,235.97
Net Block										
Balance as at 31 March 2016	535.88	5.78	27.55	1.95	3.62	1.62	4.92	581.32	0.01	581.33
Balance as at 31 March 2017	611.82	5.23	30.54	-	9.77	7.56	4.11	669.03	-	669.03

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 11:

NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2017		As at 31 March 2016	
			Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
A	Investment Properties					
i	Land (at cost)					
	Opening Balance			14.53		15.32
	Add: Purchased during the year			-		-
	Less: Sold during the year			-		0.79
	Closing Balance			14.53		14.53
ii	Building (at cost less depreciation)					
	(a) Gross Block					
	Opening Balance			1,262.45		1,262.45
	Add: Purchased during the year			-		-
	Less: Disposals			-		-
	Closing Balance			1,262.45		1,262.45
	(b) Accumulated Depreciation					
	Opening Balance			643.99		619.12
	Add: Depreciation for the year			24.80		24.87
	Less: On disposals			-		-
	Closing Balance			668.79		643.99
	Net Block of Building (a) - (b)			593.66		618.46
iii	Total Investment Properties (i)+(ii)			608.19		632.99
B	Trade Investments					
1	Quoted					
	Investment in Equity Instruments					
	Fully Paid Equity Shares					
(a)	Investment In Subsidiary					
	Kirloskar Ferrous Industries Limited	5	706,43,754	17,526.26	706,13,876	17,499.77
	Extent of holding by the Company is 51.45% (31 March 2016: 51.43%)					
(b)	Others					
	Kirloskar Pneumatic Company Limited	10	11,86,866	5,315.61	11,86,866	5,315.61
	Swaraj Engines Limited	10	21,60,000	36.00	21,60,000	36.00
	Pneumatic Holdings Limited	10	100	0.01	100	0.01
	Kirloskar Brothers Limited	2	189,88,038	28,170.90	189,88,038	28,170.90
	Kirloskar Oil Engines Limited	2	82,10,439	16,981.03	82,10,439	16,981.03
	Cummins India Limited #	2	683	-	683	-
	Total			68,029.81		68,003.32



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 11:

NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED) (CONTD.)

Sr. No.	Particulars	Face Value (Rs.)	As at 31 March 2017		As at 31 March 2016	
			Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
2	Unquoted					
	Investment in Equity Instruments					
	Fully Paid Equity Shares					
(a)	Investment In Associate					
	Kothrud Power Equipment Limited	10	-	-	-	-
	Less: Provision for diminution in value			-		-
	Extent of holding by the Company is Nil (50%)			-		-
(b)	Others					
	Kirloskar Kenya Limited	K.S. 1000	-	-	1,272	8.56
	S. L. Kirloskar CSR Foundation	10	9,800	-	-	-
	The Mysore Kirloskar Limited (In liquidation)	10	1,13,460	27.33	1,13,460	27.33
	Less: Provision for diminution in value			27.33		27.33
				-		-
	Total			-		8.56
	Total of Investments			68,638.00		68,644.87

(₹ in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
Aggregate amount of quoted investments		
Carrying Cost	68,029.81	68,003.32
Market Value	1,94,397.77	97,476.35
Aggregate amount of unquoted investments	-	8.56
Investment Property at carrying cost	608.19	632.99
Aggregate amount of diminution in value of investments	27.33	27.33

Note:

At carrying cost of ₹ 36.96

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

	(₹ in Lakhs)	
	As at 31 March 2017	As at 31 March 2016
NOTE 12:		
LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured, considered good:	2.25	-
Security Deposits		
Unsecured, considered good:	22.28	10.13
Other Advances recoverable in cash or kind		
Unsecured, considered good:		
Minimum Alternate Tax Credit Entitlement	59.86	230.94
Advance Income Tax	611.12	294.94
Net of Provision for Income Tax ₹ 6,186.20 Lakhs (₹ 5,351.20 Lakhs) and provision for Wealth Tax ₹ 145.44 Lakhs (₹ 145.44 Lakhs)		
	695.51	536.01
Unsecured, considered doubtful:	385.87	385.87
Less: Provision for Doubtful Advances	385.87	385.87
	-	-
Total	695.51	536.01

NOTE 13:

OTHER NON-CURRENT ASSETS

Fixed Deposits with banks due for realisation after 12 months from the reporting date (Refer Note 16)	72.00	200.00
Interest accrued on Deposits with Banks	0.02	0.04
Total	72.02	200.04

NOTE 14:

CURRENT INVESTMENTS

Trade Investments (unquoted)

Current maturities of Long Term Investments *

Investment in Debentures and Bonds

The Mysore Kirloskar Limited

(In liquidation)

12.5% Secured Non Convertible Part "B" debentures of ₹ 44 each

Less: Provision for diminution in value

Total

Face Value ₹	As at 31 March 2017 Nos.	(₹ in Lakhs)	As at 31 March 2016 Nos.	(₹ in Lakhs)
100	30,000	13.20	30,000	13.20
		13.20		13.20
		-		-
		-		-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
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 2017	As at 31 March 2016
For sale of wind power		
Unsecured, considered good:		
Outstanding for a period exceeding six months from the due date of payment	144.11	-
Outstanding for a period less than six months from the due date of payment	33.87	45.58
Total	177.98	45.58

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

On Current Accounts	21.20	17.46
Fixed Deposits having original maturity less than 3 months	367.50	40.00

Earmarked balances:

Unclaimed Dividend Accounts	51.53	107.76
Unclaimed fractional shareholdings account	2.72	2.72

Cash on hand	0.05	0.06
	443.00	168.00

Other Bank Balances:

Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date	6,723.66	4,217.33
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Non-current:

Fixed Deposits with banks due for realisation after 12 months from the reporting date	72.00	200.00
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Disclosed under Other Non-Current Assets (Refer Note 13)	(72.00)	(200.00)
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Total	7,166.66	4,385.33
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

As at 31 March 2017 As at 31 March 2016

NOTE 17:**SHORT TERM LOANS AND ADVANCES****Unsecured, considered good:**

Prepaid Expenses	7.90	5.06
Service Tax Credit Receivable	18.07	12.87
	<u>25.97</u>	<u>17.93</u>

Others:**Unsecured, considered good:**

Advance for Repairs	3.35	22.25
Others	-	0.24
Total	<u>29.32</u>	<u>40.42</u>

NOTE 18:**OTHER CURRENT ASSETS**

Unbilled revenue from Wind power	395.15	486.76
Interest accrued on deposits with banks	244.86	129.46
Transmission and Wheeling charges recoverable from MSDCL	38.91	38.66
Other receivable	1.18	0.93
Total	<u>680.10</u>	<u>655.81</u>

(₹ in Lakhs)

NOTE 19:**REVENUE FROM OPERATIONS**

	2016-17	2015-16
Sale of Wind power (Refer Note 27)	276.21	426.39
Sale of Renewable Energy Credit	76.80	48.65
Total	<u>353.01</u>	<u>475.04</u>

NOTE 20:**OTHER INCOME**

Interest on Bank Deposits	467.33	671.43
Dividend income - Non current Investments:		
From Subsidiary	-	1,765.35
From Other Companies	712.90	1,739.43
Gain on sale of long term investment shares / properties (Refer Note 28)	25.22	111.91
Other non-operating income:		
Property licensing fees	3,235.27	2,862.17
Provisions no longer required written back	1.28	27.59
Miscellaneous income	1.59	17.01
Total	<u>4,443.59</u>	<u>7,194.89</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

NOTE 21:

EMPLOYEE BENEFITS EXPENSE

	2016-17	2015-16
Salaries and incentives	119.30	95.71
Contributions to:		
Provident Fund and Labour Welfare Fund	5.95	5.09
Superannuation	6.01	5.31
Gratuity	14.56	1.85
Staff welfare expenses	1.41	1.78
Total	147.23	109.74

NOTE 22:

OPERATING AND OTHER EXPENSES

A. Operating Expenses

Operation and Maintenance Charges - Windmill*	3.90	35.45
Transmission and Wheeling Charges	59.90	41.95
Other Open Access Charges	19.96	5.62
Periodic unwinding of discount on decommissioning (Refer Note 29)	11.77	-
Sub Total	95.53	83.02

B. Other Expenses

Security Expenses	251.70	214.60
Repairs and maintenance :-		
Property	148.41	60.43
Other Assets	7.70	3.22
Garden and Site Maintenance	46.28	46.33
Rent Expense	5.18	-
Rates and Taxes	21.24	21.23
Legal and Professional Fees	71.92	71.15
Commission to Directors	18.20	14.00
Director Sitting Fees	8.14	7.11
Printing and Stationery Expenses	9.06	9.92
Postage and Courier Charges	7.71	5.07
Advertisement and Publicity	2.97	4.39
Electricity Charges	3.34	4.32
Travelling Expenses	3.46	2.15
Insurance Charges	10.52	6.58
Advance / Investments written off	0.04	100.55
Provision no longer required written back (Refer Note 40)	-	(100.55)
Membership Subscription	6.77	5.95
Miscellaneous Expenses	9.21	7.54
Payment to Auditors for:		
- Statutory Audit	2.25	2.25
- Limited Review	2.25	2.25
- Tax Audit	0.75	0.75
- Certification	0.18	1.35
Total	732.81	573.61

* Operation and maintenance charges are net of estimated value of services of ₹ 10.02 Lakhs (31 March 2016 ₹ 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 2017

	(₹ in Lakhs)	
	2016-17	2015-16
NOTE 23:		
DEPRECIATION AND AMORTISATION EXPENSE *		
On Property, Plant and Equipment and Intangible Assets (Refer Note 10)	75.53	63.80
On Investment Property (Refer Note 11)	24.80	24.87
Total	100.33	88.67

* 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 2017	As at 31 March 2016
(a)	Service tax demands	2.92	2.92
(b)	Disputed Income tax demand Out of this, ₹ 567.40 Lakhs (₹ 417.40 Lakhs) paid under protest	653.22	417.40
(c)	Conveyance deed charges in respect of property	21.51	21.51

NOTE 25: CAPITAL COMMITMENTS

(₹ in Lakhs)		
Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances)	37.99	-

NOTE 26: EXPENDITURE AND EARNINGS IN FOREIGN CURRENCIES

(₹ in Lakhs)		
Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Earnings - Dividend	-	8.30



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 27:

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

(a) Licensed and installed capacity and production

(₹ in Lakhs)

Class of Goods	Units	Licensed capacity		Installed capacity ##		Production meant for sale	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Wind-power units	KwH (in Lakhs)	N.A.	N.A.	112.00	112.00	49.05	89.93

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	2016-17		2015-16	
		Nos.	Amount	Nos.	Amount
Renewable Energy Certificates (RECs)	Units	10,537	1.48	9,593	1.30
RECs under certification	Units	743	0.17	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 2017	For the year ended 31 March 2016
Depreciation	62.73	49.97
Operation and Maintenance cost	3.90	35.45

(d) Turnover

(₹ in Lakhs)

Sr. No.	Class of Goods	Units	2016-17		2015-16	
			Nos.	Amount	Nos.	Amount
1	Wind-Power Units	KwH (in Lakhs)	49.05	276.21	89.93	426.39#
2	Renewable Energy Certificates (RECs)	Units	5,120	760.80	3,243	48.65
	Total			353.01		475.04

Includes accounting of revenue of ₹ 42.87 Lakhs in respect of 80.89 Lakhs units for Financial Year 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 2017

NOTE 28:

SALE OF INVESTMENTS

During the year shares of Kirloskar Kenya Limited were sold for ₹ 33.78 Lakhs (Original cost ₹ 8.56 Lakhs) resulting into a profit of ₹ 25.22 Lakhs included in Other Income.

NOTE 29:

DECOMMISSIONING AND RESTORATION LIABILITY

Ministry of Corporate Affairs vide notification dated March 30, 2016, notified the Companies (Accounting Standards) Amendment Rules, 2016 and vide this, the earlier Accounting Standard 10 - Fixed Assets has been substituted with Accounting Standard 10 - Property, Plant and Equipment. In pursuance of the Accounting Standard-10, the Company has, based on technical evaluation estimated and accounted for the decommissioning and restoration liability pertaining to the wind power generators to the extent of ₹ 138.67 Lakhs by increasing the Property, Plant and Equipment and creating a corresponding provision. As a consequence of this, profit for the year is on a lower side by ₹ 24.66 Lakhs (12.89 Lakhs on account of depreciation and ₹ 11.77 Lakhs on account of periodic unwinding of discount recognized in the Statement of Profit and Loss).

Provision for decommissioning and restoration aggregating to ₹ 150.44 Lakhs represent initial estimation of ₹ 138.67 Lakhs towards decommissioning and restoration liability and the effect of periodic unwinding of discount of ₹ 11.77 Lakhs for the year under review.

NOTE 30:

EMPLOYEE BENEFITS

(a) Defined Contribution Plans

The Company has contributed ₹ 11.96 Lakhs (₹ 10.40 Lakhs for 31 March 2016) 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

Particulars	(₹ in Lakhs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
a. Current Service Cost	2.08	2.06
b. Past Service Cost	----	----
c. Interest Cost	2.22	2.02
d. Expected return on Plan Assets	NA	NA
e. Net Actuarial (Gains) / losses recognised in the year	10.26	(2.23)
f. Total included in “Employee Cost”	14.56	1.85



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

ii. Balance Sheet (details of provision for gratuity)

(₹ in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
a. Present value of defined benefit obligation as at the end of the year	42.32	27.75
b. Fair value of Plan assets as at the end of the year	NA	NA
c. Funded / (Unfunded) Status	(42.32)	(27.75)
d. Current Liability	0.41	0.28
e. Non-Current Liability	41.91	27.47
f. Unrecognised Actuarial (gains) / losses	NIL	NIL
g. Net (Liability) / Asset	(42.32)	(27.75)

iii. Changes in the present value of the defined benefit obligation:

Gratuity

(₹ in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
a. Present value of defined benefit obligation at the beginning of the year	27.75	25.90
b. Interest cost	2.22	2.02
c. Past service cost	---	---
d. Current service cost	2.08	2.06
e. Benefits paid	---	---
f. Actuarial Losses / (Gains)	10.26	(2.23)
g. Present value of Defined Benefit obligation at the close of the year	42.32	27.75

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

Gratuity

(₹ in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
a. Discount Rate	7.40%	8.00%
b. Rate of increase in compensation cost	7.50%	7.50%
c. Expected average remaining working lives of employees (years)	11.43*	11.86*

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

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

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined benefit obligation	42.32	27.75	25.90	20.25	20.67
Plan assets	NA	NA	NA	NA	NA
Surplus / (deficit)	(42.32)	(27.75)	(25.90)	(20.25)	(20.67)
Experience adjustments on plan liabilities (loss) / gain	(8.51)	1.79	1.72	1.49	1.95
Experience adjustments on plan assets (loss) / gain	NIL	NIL	NIL	NIL	NIL

NOTE 31:

DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the Ministry of Corporate Affairs notification G.S.R. 308(E) dated March 30, 2017. Disclosure on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹)

Particulars	Specified Bank Notes (SBNs)*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	6,500	163	6,663
(+) Permitted receipts	-	76,210	76,210
(-) Permitted payments	-	60,741	60,741
(-) Amount deposited in Banks	6,500	-	6,500
Closing cash in hand as on 30 December 2016	-	15,632	15,632

* As defined in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs Number S.O. 3407(E), dated the 8th November, 2016.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 32:

SEGMENT REPORTING

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

(₹ in Lakhs)

Particulars		Year ended	
		31 March 2017	31 March 2016
1	Segment Revenue		
A	- Wind power generation	354.53	515.50
B	- Investments (Securities and Properties)	4,440.74	7,154.21
	Net Sales / Income from Operations	4,795.27	7,669.71
2	Segment Results		
	Profit (+) / Loss (-) before tax and interest from each segment		
A	- Wind power generation	155.04	340.87
B	- Investments (Securities and Properties)	3,666.63	6,558.48
	Total	3,821.67	6,899.35
	Add / (Less):		
	Other Unallocable income / (expenditure) net of unallocable (expenditure) / income	(75.34)	(61.53)
	Total Profit Before Tax	3,746.33	6,837.82
3	Total carrying amount of segment / corporate assets		
A	- Wind power generation	1,234.73	1,113.24
B	- Investments (Securities and Properties)	76,188.57	73,334.13
C	- Unallocable corporate assets	724.81	643.42
	Total Assets	78,148.11	75,090.79
4	Total amount of segment / corporate liabilities		
A	- Wind power generation	173.38	14.09
B	- Investments (Securities and Properties)	1,770.17	1,727.23
C	- Unallocable corporate liabilities	222.13	249.45
	Total Liabilities	2,165.68	1,990.77
5	Capital Employed		
	(Segment Assets - Segment Liabilities)		
A	- Wind power generation	1,061.35	1,099.15
B	- Investments (Securities and Properties)	74,418.40	71,606.90
C	- Unallocable corporate assets less liabilities	502.68	393.97
	Total capital employed in the Company	75,982.43	73,100.02
6	Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period		
A	- Wind power generation	1.84	0.18
B	- Investments (Securities and Properties)	22.92	2.50
C	- Unallocable corporate assets	-	-
	Total assets acquired	24.76	2.68
7	Depreciation and Amortisation		
A	- Wind power generation	63.43	50.69
B	- Investments (Securities and Properties)	34.93	35.73
C	- Unallocable corporate depreciation	1.97	2.25
	Total Depreciation and Amortisation	100.33	88.67

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 33:

RELATED PARTY DISCLOSURE

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

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

1. Subsidiary		
- Kirloskar Ferrous Industries Limited		
2. Associate		
- Kothrud Power Equipment Limited (Struck off from Register of Companies and consequently ceased to be an associate with effect from 20 January 2017)		
3. Key Management Personnel and their relatives		
Key Management Personnel		Relatives of Key Management Personnel and relationship
Name	Designation	
Aditi Chirmule	Executive Director	None



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

Related Party Transactions:

(₹ in Lakhs)

Nature of transaction	Year	Subsidiary	Associate	Key Management Personnel
Reimbursement of expenses given	2016-17	--	--	--
	2015-16	0.02	0.60	--
Expenses rendering of services	2016-17	--	--	52.46#
	2015-16	--	--	50.03#
Reimbursement of expenses received	2016-17	0.29	--	—
	2015-16	--	3.40	--
Dividend received	2016-17	--	--	--
	2015-16	1,765.35	--	--
Licensing fees received	2016-17	4.80	--	--
	2015-16	4.80	--	--
Investment / Advance written off	2016-17	--	--	--
	2015-16	--	100.55	--
Provision for diminution in investment and provision for advance given written back	2016-17	—	—	--
	2015-16	--	100.55	--
Outstanding as at 31 March				
Payable	2017	2.40	—	15.35
	2016	2.40	—	15.27
Investments	2017	17,526.26	—	—
	2016	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.

NOTE 34:

LICENSING FEES

- a. The Licensing fees recognised in the Statement of Profit and Loss during the year amounts to ₹ 3,235.27 Lakhs (₹ 2,862.17 Lakhs for FY 2015-16). The details of future minimum license fees receivable are as under:

(₹ in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
Minimum License Fees Receipts:		
Not later than one year	3,228.41	3,212.06
Later than one year but not later than five years	1,395.12	4,474.35
Later than five years	—	—
Total	4,623.53	7,686.41

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

- b. The rent charged in the Statement of Profit and Loss during the year amounts to ₹ 5.18 Lakhs (₹ Nil for FY 2015-16) and the details of future minimum rent payable are as under:

(₹ in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
Minimum Rent Payments:		
Not later than one year	24.86	-
Later than one year but not later than five years	47.57	-
Later than five years	-	-
Total	72.43	-

NOTE 35:

EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Net Profit after tax as per the Statement of Profit and Loss (₹ in Lakhs) (A)	2,882.41	6,025.01
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)	29.69	62.05

NOTE 36:

The Board of Directors have proposed Final dividend of ₹ 20 per equity share (i.e. 200%) of ₹ 10 each for the Financial Year 2016-17. (₹ Nil for FY 2015-16)

NOTE 37:

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

NOTE 38:

DEFERRED TAX LIABILITIES / (ASSETS) (NET)

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

(₹ in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
Deferred Tax Liabilities		
- Property, Plant and Equipment	181.43	144.57
Deferred Tax Assets		
- Disallowances under Income Tax Act, 1961	26.23	18.29
Deferred Tax Liability / (Asset)(Net)	155.20	126.28



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 39:

EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (CSR ACTIVITIES)

- a. As per Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 59.72 Lakhs as expenditure on CSR Activities during the FY 2016-17. (₹ 55.81 Lakhs in 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	60.91	-	60.91
	Total	60.91	-	60.91

NOTE 40:

PROVISIONS

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

(₹ in Lakhs)

Class of Provision	Opening balance as on April 1, 2016	Provisions for the year	Amounts used during the year	Closing balance as on March 31, 2017
Provision for Decommissioning and Restoration*	-	150.44	-	150.44

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

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

NOTE 41:

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

(₹ in Lakhs)

Name of the Company	Loans and Advances		Investments	
	Amount outstanding as at 31 March 2017	Maximum balance outstanding during the year	Amount outstanding as at 31 March 2017	Maximum balance outstanding during the year
Subsidiary Kirloskar Ferrous Industries Limited	--	--	17,526.26	17,526.26
Associate Kothrud Power Equipment Limited	#	--	#	—

Struck off from the Register of Companies and consequently ceased to be an Associate with effect from 20 January 2017 (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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

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

U.S. ABHYANKAR

Partner

Membership Number: 113053

Pune: 11 May 2017

ATUL KIRLOSKAR

Chairman

DIN 00007387

ASHWINI MALI

Company Secretary

ACS 19944

ADITI CHIRMULE

Executive Director

DIN 01138984

JASVANDI DEOSTHALE

Chief Financial Officer

ACA 111693

Pune: 11 May 2017

**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)**

1	Name of the Subsidiary	Kirloskar Ferrous Industries Limited
2	The date since when subsidiary was acquired	May 13, 2013
3	Reporting period for the subsidiary concerned, if different from the Holding Company's reporting period	N.A
4	Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A
5	Share Capital	6,865.40
6	Reserves and Surplus	51,394.72
7	Total Assets	97,217.90
8	Total Liabilities	38,957.78
9	Investments	0.98
10	Turnover	1,13,370.92
11	Profit Before Taxation	12,145.84
12	Provision for Taxation	3,089.12
13	Profit after Taxation	9,056.72
14	Proposed Dividend	2,402.89
15	% of Shareholding	51.45%
16	Names of subsidiaries which are yet to commence operations	-
17	Names of subsidiaries which have been liquidated or sold during the year	-

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. APTE & CO.

Chartered Accountants

Firm Registration Number: 100515W

ATUL KIRLOSKAR

Chairman

DIN 00007387

ADITI CHIRMULE

Executive Director

DIN 01138984

U.S. ABHYANKAR

Partner

Membership Number: 113053

ASHWINI MALI

Company Secretary

ACS 19944

JASVANDI DEOSTHALE

Chief Financial Officer

ACA 111693

Pune: 11 May 2017

Pune: 11 May 2017

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

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

Notes :

1. For the Financial Year ending March 31, 2017, the Company has no Joint Venture.
2. The investment in an Associate, Kothrud Power Equipment Limited (KPEL) of ₹ 99.21 Lakhs was written off during the previous year ended March 31, 2016. KPEL had applied for the striking off of its name from the Register of Companies under Section 560 of the Companies Act, 1956, on 26 October 2016. Accordingly, KPEL's name has been struck off from the Register and stands dissolved with effect from 20 January 2017.

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 KIRLOSKAR

Chairman
DIN 00007387

ADITI CHIRMULE

Executive Director
DIN 01138984

U.S. ABHYANKAR

Partner
Membership Number: 113053

ASHWINI MALI

Company Secretary
ACS 19944

JASVANDI DEOSTHALE

Chief Financial Officer
ACA 111693

Pune: 11 May 2017

Pune: 11 May 2017



CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

To,
The Members of Kirloskar Industries Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Kirloskar Industries Limited ("the Holding Company"), its subsidiary (Kirloskar Ferrous Industries Limited) (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information ("the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017 and their Consolidated Profit and their Consolidated Cash Flows for the year ended on that date.

**Other Matters**

We did not audit the Financial Statements of the Subsidiary, whose Financial Statements reflect total assets of ₹ 97,215.50 Lakhs as at March 31, 2017, total revenues of ₹ 1,13,926.17 Lakhs and net cash flows amounting to ₹ 690.32 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, insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

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

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidation of the Financial Statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
- (c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017, 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, 2017, 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 34 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;
 - iv. The Group has provided requisite disclosures in the Consolidated Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on our audit procedures, management representation and the report of the statutory auditor of its subsidiary, we report that the disclosures are in accordance with books of account maintained by the Group and as produced to us by the Management – Refer Note 39 to the Consolidated Financial Statements.

FOR G. D. APTE & CO.

Chartered Accountants

Firm Registration Number: 100515W

Sd/-

U. S. ABHYANKAR

Partner

Membership Number.: 113053

Pune: 11 May 2017

“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, 2017, 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, 2017, based on the internal control over financial reporting criteria established considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

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

FOR G. D. APTE & CO.

Chartered Accountants

Firm Registration Number: 100515W

Sd/-

U. S. ABHYANKAR

Partner

Membership Number.: 113053

Pune: 11 May 2017

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

(₹ in Lakhs)

	Note No.	As at 31 March 2017	As at 31 March 2016
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	970.87	970.87
(b) Reserves and surplus	4	87,460.28	79,934.83
2 Minority Interest		28,285.15	23,897.95
3 Non-current liabilities			
(a) Deferred tax liability (Net)	5	8,203.28	8,016.71
(b) Other long-term liabilities	6	1,585.92	1,587.49
(c) Long-term provisions	7	358.87	177.58
4 Current liabilities			
(a) Short-term borrowings	8	9,687.55	9,824.46
(b) Trade payables	9	16,390.47	13,683.00
(c) Other current liabilities	10	4,542.38	4,824.58
(d) Short-term provisions	11	352.59	326.71
TOTAL		157,837.36	143,244.18
II. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	12	57,667.24	55,183.33
(b) Intangible assets	12	418.24	416.38
(c) Capital work-in-progress		1,906.18	807.62
(d) Non-current investments	13	51,112.72	51,145.10
(e) Long-term loans and advances	14	2,912.06	3,656.17
(f) Other non-current assets	15	77.38	205.04
2 Current assets			
(a) Current investments	16	-	-
(b) Inventories	17	12,187.71	9,299.86
(c) Trade receivables	18	19,773.26	13,990.42
(d) Cash and Bank Balances	19	8,400.08	4,987.03
(e) Short-term loans and advances	20	2,617.55	2,825.16
(f) Other current assets	21	764.94	728.07
TOTAL		157,837.36	143,244.18

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 KIRLOSKAR
Chairman
DIN 00007387

ADITI CHIRMULE
Executive Director
DIN 01138984

U. S. ABHYANKAR
Partner
Membership Number: 113053

ASHWINI MALI
Company Secretary
ACS 19944

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 11 May 2017

Pune: 11 May 2017



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

	Note No.	2016-17	2015-16
I. Revenue from operations (Gross)	22	1,28,134.89	1,26,545.70
Less: Excise Duty		14,410.96	14,677.62
Revenue from operations (Net)		1,13,723.93	1,11,868.08
II. Other income	23	4,994.04	5,649.53
III. Total Revenue (I + II)		1,18,717.97	1,17,517.61
IV. Expenses:			
Cost of material consumed	24	60,153.97	58,195.70
Changes in inventories of finished goods, work-in-progress and by-product	25	(1,481.71)	1,044.47
Cost of Renewable Energy Credit		8.99	3.59
Employee benefits expense	26	7,461.69	7,201.94
Finance costs	27	1,365.70	2,350.49
Operating and other expenses	28	30,392.27	30,414.45
Depreciation and amortisation expense	29	4,687.59	4,525.28
Corporate Social Responsibility activities		237.30	186.63
V Total expenses		1,02,825.80	1,03,922.55
VI Profit before exceptional and extraordinary items and tax (III-V)		15,892.17	13,595.06
VII Exceptional Items		-	-
VIII Profit before extraordinary items and tax (VI-VII)		15,892.17	13,595.06
IX Extraordinary Items		-	-
X Profit / (Loss) before tax (VIII-IX)		15,892.17	13,595.06
XI Tax expense / (income):			
Current Tax			
Current Year		4,190.17	2,980.42
Short / (Excess) provision of earlier years		(301.30)	-
Deferred Tax		186.57	581.53
MAT Credit Entitlement for earlier years		(122.40)	-
Total		3,953.04	3,561.95
XII Profit / (Loss) for the year (X-XI)		11,939.13	10,033.11
XIII Less: Share in pre-acquisition profits adjusted in computation of Goodwill on acquisition of additional equity shares of subsidiary		1.81	-
XIV Less: Minority Interest		4,397.04	2,804.16
XV Share of Profit / (Loss) of Associate (Refer Note 32)		-	-
XVI Profit / (Loss) after tax, minority interest, share in pre-acquisition profits and share of associate		7,540.28	7,228.95
XVII Earnings per equity share			
[Nominal value of Share ₹ 10/- (₹ 10/-)]			
Basic & Diluted		77.66	74.45

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 KIRLOSKAR
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Chief Financial Officer
ACA 111693

Pune: 11 May 2017

Pune: 11 May 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

	2016-17	2015-16
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax:	15,892.17	13,595.06
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Add:		
Depreciation and amortisation	4,687.59	4,525.28
Advance / bad debts written off	0.25	60.47
Loss on sale of fixed assets	0.75	1.12
Periodic unwinding of discount	11.77	-
Provision for doubtful debts	19.95	14.48
Finance cost	1,365.70	2,350.49
	6,086.01	6,951.84
Less:		
Profit on sale of investment	25.22	111.91
Provisions no longer required, written back	88.32	84.33
Interest earned	812.86	765.61
Dividend on investments	712.90	1,739.43
Income from licensing of property	3,230.47	2,857.37
Rental income	11.79	21.08
Unrealised foreign exchange gains	2.70	17.07
Sundry credit balances appropriated	45.63	-
	4,929.89	5,596.80
Operating profit before working capital changes	17,048.29	14,950.10
Changes in working capital		
Increase / (Decrease) in trade payables	2,940.17	(6,802.46)
Increase / (Decrease) in long term provisions	30.84	34.10
Increase / (Decrease) in short term provisions	(157.97)	55.73
Increase / (Decrease) in other current liabilities	807.13	(80.76)
Decrease / (increase) in trade receivables	(5,803.00)	3,584.99
Decrease / (increase) in inventories	(2,887.83)	2,535.21
Decrease / (increase) in long-term loans and advances	(20.68)	(155.14)
Decrease / (increase) in short-term loans and advances	207.58	(959.27)
Decrease / (increase) in other current assets	74.20	(8.53)
Decrease / (increase) in other non current assets	-	(249.64)
Sub total	(4,809.56)	(2,045.77)
Net cash generated / (utilised) from operations	12,238.73	12,904.33
Direct Taxes Paid	(3,419.20)	(2,576.49)
NET CASH GENERATED / (UTILISED) FROM OPERATING ACTIVITIES	8,819.53	10,327.84
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sales proceeds of fixed assets	102.46	13.75
Sale of investments	33.78	112.70
Interest received	701.36	1,100.45
Dividend received	712.90	1,739.43
Licensing of property	3,230.54	2,857.33
Rental income	11.79	443.77
Security deposit	9.84	21.08
Sub total	4,802.67	6,288.51



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

Less:		
Purchase of investments	(27.47)	(8,941.83)
Investments in bank deposits (having original maturity of more than three months) (Net)	(2,378.33)	6,626.62
Purchase of fixed assets including capital work-in-progress and capital advances	(7,512.61)	(3,369.11)
Sub total	(9,918.41)	(5,684.32)
NET CASH GENERATED / (UTILISED) FROM INVESTING ACTIVITIES	(5,115.74)	604.19
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(110.03)	(5,380.92)
Tax on dividend	-	(1,139.75)
Increase / (Decrease) in cash credit	(136.91)	2,574.62
Proceeds from long term borrowings (Net)	(1,000.00)	(5,023.10)
Interest and other borrowing cost paid	(1,550.13)	(2,322.10)
NET CASH GENERATED / (UTILISED) IN FINANCING ACTIVITIES	(2,797.07)	(11,291.25)
D. Net Increase / (Decrease) in Cash And Cash Equivalents	906.72	(359.22)
E. Cash and Cash Equivalents at the beginning of the year	769.70	1,128.92
Add: on account of addition on acquisition of subsidiary	-	-
Adjusted Cash and Cash Equivalents at the beginning of the year after addition of balances of Subsidiary	769.70	1,128.92
F. Cash and Cash Equivalents at the end of the year	1,676.42	769.70
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	1.28	5.17
With banks -		
- on current accounts	971.52	278.38
- on deposit accounts	367.50	40.00
- unclaimed dividend accounts / fractional entitlement *	336.12	446.15
Total Cash and Cash Equivalents	1,676.42	769.70

* The Company can utilize 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 KIRLOSKAR
Chairman
DIN 00007387

ADITI CHIRMULE
Executive Director
DIN 01138984

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Partner
Membership Number: 113053

ASHWINI MALI
Company Secretary
ACS 19944

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 11 May 2017

Pune: 11 May 2017

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

SIGNIFICANT ACCOUNTING POLICIES

NOTE 1:

BASIS OF PREPARATION

The Consolidated Financial Statements relate to Kirloskar Industries Limited (the Company), its subsidiary and an associate upto 2015-2016 (the said Company namely Kothrud Power Equipment Limited ceased to be an associate during the year 2016-17). 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, 2017, (upto March 31, 2016, in case of an associate which ceased to be an associate during FY 2016-17) 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 31.03.2017	Reporting date	Status
a. Kirloskar Ferrous Industries Limited	India	51.45%	31.3.2017	Subsidiary
b. Kothrud Power Equipment Limited*	India	-	-	Associate

* The Company was struck off from the Registrar of Companies and consequently ceased to be an associate with effect from 20 January 2017.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

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. Property, Plant and Equipment

- i. Borrowing Costs relating to acquisition and construction of qualifying assets are also included to the extent they relate to the period till such assets are ready to be put to use.
- ii. Pre-operative expenditure including trial run expenses comprising of revenue expenses incurred as reduced by the revenue generated during the period up to commencement of commercial production are treated as part of project costs and are capitalised.
- 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 Part C to the Companies Act, 2013, except in case of the following assets:

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

- ii. Leasehold land is not depreciated due to the conversion option available in the lease agreement and management's intention of opting the same.
- iii. Depreciation on additions (other than land) is provided from the date of acquisition / purchase.
- iv. In the event of sale / retirement of assets, depreciation is provided up to the date of sale / retirement.
- v. The Mining Right acquired by the Company is amortised over 11 years being the period of lease.
- vi. Computer software recognised as intangible asset is amortised on straight line method over an estimated useful life of 6 years.
- vii. Spares and Parts are depreciated based on the assessed useful life by the managements.

c. Operating leases

Where the Company is a lessee - Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Payments under operating leases are recognised as expenses in the Statement of Profit and Loss.

Where the Company is a lessor - Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases and assets subjected to operating leases are

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

included in the fixed assets. Receipts under operating leases are recognised as Income in the Statement of Profit and Loss.

Lease income /payment in respect of "Operating Lease" are recognised in the Statement of Profit and Loss on a straight-line basis over the lease period

d. Inventories

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

e. Foreign Currency Transactions

- i. Initial Recognition: Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- ii. Conversion: Monetary items denominated in foreign currencies other than those covered by forward contracts are reinstated into rupee equivalents at the exchange rates as on the reporting date and the resultant exchange difference, are recognised in the Statement of Profit and Loss account for the year.
- iii. Forward Exchange Contracts: In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the date of the transaction is recognised as discount or premium over the period of the contract.

f. Revenue Recognition

- i. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, which generally coincides with their delivery to customers / customers representatives. Sales reported includes excise duty and excludes discounts, rebates, returns, sales tax and value added tax.
- ii. All other incomes are accounted for on accrual basis.

g. Borrowing Costs

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

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

h. Excise Duty

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

i. Employee Benefits

Defined Benefit Plans:

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

j. Research and Development Expenses

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



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 3:

SHARE CAPITAL

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	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	9,708,650	970.87
Called up and Paid up Equity Shares of ₹ 10 each fully paid up	97,08,619	970.87	97,08,619	970.87
Share Capital Suspense Account* Equity Shares of ₹ 10 each fully paid up	31	-	31	-
Total	97,08,650	970.87	97,08,650	970.87

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

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	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 2017

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

Name of Shareholder	As at 31 March 2017		As at 31 March 2016	
	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%
Atul Chandrakant Kirloskar #	16,35,300	16.84%	16,35,300	16.84%
Rahul Chandrakant Kirloskar # #	16,21,688	16.70%	16,21,688	16.70%
Gautam Achyut Kulkarni # # #	16,30,386	16.79%	16,30,358	16.79%
Arti Atul Kirloskar	7,09,648	7.31%	7,09,648	7.31%
Jyostna Gautam Kulkarni	7,26,798	7.49%	7,26,798	7.49%
Alpana Rahul Kirloskar	7,09,648	7.31%	7,09,648	7.31%

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

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

Out of these, 16,30,358 equity shares are held jointly with Mrs. Jyotsna Gautam Kulkarni and 28 equity shares in the individual capacity.

(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)				
	2016-17	2015-16	2014-15	2013-14	2012-13
Equity Shares:					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares bought back	-	-	-	-	-

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



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

NOTE 4:

RESERVES AND SURPLUS

Capital Reserve:

	As at 31 March 2017	As at 31 March 2016
Balance as per last account	4,298.37	4,298.37
Less: Adjustment on account of acquisition of additional equity shares in subsidiary*	14.83	-
Closing Balance	4,283.54	4,298.37

General Reserves:

Balance as per last account	33,033.37	32,776.22
Add: Transfer from surplus of Statement of Profit and Loss	257.15	257.15
Closing Balance	33,290.52	33,033.37

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

Balance as per last account	42,603.09	37,973.34
Add: Net Profit transferred from Statement of Profit and Loss	7,540.28	7,228.95
Amount available for appropriation	50,143.37	45,202.29

Less: Appropriations:

Transfer to General Reserves	257.15	257.15
Interim Dividend	-	1,941.73
Dividend Distribution tax including share of holding company in tax on dividend declared by Subsidiary	-	400.32
Net surplus in the Statement of Profit and Loss	49,886.22	42,603.09

Total	87,460.28	79,934.83
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* Includes share in pre-acquisition profit of ₹ 1.81 Lakhs transferred from the Statement of Profit and Loss in respect of additional equity shares acquired during the year.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

	(₹ in Lakhs)	
	As at 31 March 2017	As at 31 March 2016
NOTE 5:		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability:		
Depreciation	8,684.54	8,407.18
Others	-	0.65
Total liability (a)	8,684.54	8,407.83
Deferred Tax Assets:		
Disallowance under Income Tax Act, 1961	344.42	257.69
Provision for doubtful debts	136.84	133.43
Total assets (b)	481.26	391.12
Net Deferred Tax Liability (a-b)	8,203.28	8,016.71
NOTE 6:		
OTHER LONG TERM LIABILITIES		
Security Deposits	1,585.92	1,587.49
Total	1,585.92	1,587.49
NOTE 7:		
LONG TERM PROVISIONS		
Provision for employee benefits		
Gratuity	41.91	27.47
Leave Encashment	166.52	150.11
Others provisions		
Provision for decommissioning and restoration (Refer Note 40)	150.44	-
Total	358.87	177.58



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

NOTE 8:**SHORT TERM BORROWINGS****Secured**

Loans payable on demand

- Cash credit from banks

As at
31 March 2017

6,229.35

As at
31 March 2016

7,986.01

Unsecured

Loans payable on demand

- Overdraft from bank

3,458.20

1,838.45

Total**9,687.55****9,824.46****Security for Secured Loans:**

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

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016
Outstanding amount under non fund based limits :		
I. Aggregate value of the amount outstanding under		
- Secured	4,789.80	5,063.20
- Unsecured	3,319.84	1,666.97
ii. Aggregate value of guarantees outstanding		
- Secured	351.00	82.62
- Unsecured	100.00	-

NOTE 9:**TRADE PAYABLES**

Acceptances

Open Access charges payable to MSEDCL

Others

As at
31 March 2017

7,931.63

10.51

8,448.33

As at
31 March 2016

6,383.53

5.83

7,293.64

Total**16,390.47****13,683.00**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

	(₹ in Lakhs)	
	As at 31 March 2017	As at 31 March 2016
NOTE 10:		
OTHER CURRENT LIABILITIES		
Creditors for capital goods	1,087.91	806.38
Current maturities for Long Term Borrowings	-	1,000.00
Interest accrued but not due	0.43	0.49
Investors Education and Protection Fund will be credited by the following amounts, as and when due #		
Unclaimed equity dividend	333.48	443.52
Unclaimed fractional entitlement	2.72	2.72
Security deposits	42.16	30.75
Advances from customers	529.83	431.52
Employee benefits	1,217.83	1,089.99
Commission payable to Directors	90.38	67.10
Creditors for expenses and others	431.21	229.65
Taxes and duties	410.63	309.13
Exchange differences on forward contracts (Net)	357.27	189.65
Gratuity to be funded to LIC	38.53	223.68
Total	4,542.38	4,824.58

Note: There is no amount due and outstanding as at the Balance Sheet date to be credited to Investors Education and Protection Fund.

NOTE 11:

SHORT TERM PROVISIONS

Provision for employee benefits:

Leave Encashment	352.59	326.71
Total	352.59	326.71



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 12:

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Property, Plant and Equipment (A)													Intangible Assets (B)				Total (A)+(B)
	Freehold land	Leasehold land	Buildings	Plant and Equipments					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										
Gross Block																		
Balance as at 1 April 2015	485.63	442.05	14,851.90	70,629.47	39.01	2,629.69	9.39	281.09	375.49	436.89	203.18	5.76	90,389.55	11.50	598.75	610.25	90,999.80	
- 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	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 March 2016	503.10	442.05	16,215.28	74,049.19	7.29	2,629.69	9.39	320.44	386.96	519.60	263.32	7.35	95,353.66	11.50	791.15	802.65	96,156.31	
- Additions	-	-	700.62	6,031.12	-	-	-	35.98	159.45	41.10	24.34	-	6,992.61	-	120.52	120.52	7,113.13	
- Disposals	-	-	4.70	1,912.39	-	-	-	0.59	53.85	6.23	5.87	-	1,983.63	-	1.93	1.93	1,985.56	
-Adjustments	-	-	-	(3.51)	-	138.67	-	2.42	-	5.43	(4.35)	-	138.66	-	-	-	138.66	
Balance as at 31 March 2017	503.10	442.05	16,911.20	78,164.41	7.29	2,768.36	9.39	358.25	492.56	559.90	277.44	7.35	1,00,501.30	11.50	909.74	921.24	1,01,422.54	
Accumulated Depreciation																		
Balance as at 1 April 2015	-	-	4,483.13	28,705.87	36.28	2,043.84	3.06	115.20	171.55	158.36	160.84	1.77	35,879.90	7.93	283.63	291.56	36,171.46	
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	
Adjustments	-	-	-	(0.50)	0.50	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 March 2016	-	-	5,038.63	32,307.18	1.47	2,093.81	3.61	141.37	159.19	236.73	185.93	2.43	40,170.35	8.98	377.29	386.27	40,556.62	
Depreciation charge for the year	-	-	612.66	3,654.66	0.97	62.73	0.55	30.58	62.08	89.49	29.60	0.81	4,544.13	1.05	117.61	118.66	4,662.79	
On disposals	-	-	3.56	1,830.92	-	-	-	0.59	33.53	6.14	5.68	-	1,880.42	-	1.93	1.93	1,882.35	
Adjustment	-	-	-	(0.93)	-	-	-	-	0.64	0.29	-	-	-	-	-	-	-	
Balance as at 31st March 2017	-	-	5,647.73	34,129.99	2.44	2,156.54	4.16	171.36	188.38	320.37	209.85	3.24	42,834.06	10.03	492.97	503.00	43,337.06	
Net Block																		
Balance as at 31 March 2016	503.10	442.05	11,176.65	41,742.00	5.82	535.88	5.78	179.06	227.77	282.87	77.38	4.92	55,183.33	2.52	413.86	416.38	55,599.67	
Balance as at 31 March 2017	503.10	442.05	11,263.47	44,034.42	4.85	611.82	5.23	186.89	304.18	239.53	67.59	4.11	57,667.24	1.47	416.77	418.24	58,085.48	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 13:

NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)

		(₹ in Lakhs)	
		As at 31 March 2017	As at 31 March 2016
A	In Investment property	608.19	632.99
B	In Equity shares		
	Quoted	50,503.55	50,503.55
	Unquoted:		
	- Associate Company	-	-
	- Others	0.98	8.56
	Total	51,112.72	51,145.10

(₹ in Lakhs)		
Particulars	As at 31 March 2017	As at 31 March 2016
Market Value of quoted investments	1,26,367.84	65,700.11
Aggregate amount of diminution in value of investments	27.33	27.33



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

	(₹ in Lakhs)	
	As at 31 March 2017	As at 31 March 2016
NOTE 14:		
LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured, considered good:	233.49	651.02
Security Deposits		
Unsecured, considered good:	951.80	931.46
Advances recoverable in cash or kind		
Unsecured, considered good:		
Advance Income Tax [Net of provision for Income Tax ₹ 19,138.48 Lakhs (₹ 15,472.03 Lakhs) and provision for Wealth tax ₹145.44 Lakhs (₹ 145.44 Lakhs)]	1,528.38	1,257.90
Minimum Alternate Tax Credit Entitlement	59.86	677.59
Advance to suppliers	81.07	94.34
Claims receivable	30.57	30.57
Loan to employees	11.50	10.79
Advances		
Unsecured, Considered doubtful:	385.87	385.87
Less: Provision for Doubtful Advances	385.87	385.87
	-	-
Claims receivable		
Unsecured, Considered doubtful:	45.00	45.00
Less: Provision for Doubtful Advances	45.00	45.00
	-	-
Prepaid Expenses	15.39	2.50
Total	2,912.06	3,656.17

NOTE 15:

OTHER NON CURRENT ASSETS

Unsecured, considered good:

Non-current bank balances (Refer Note 19)	76.81	204.81
Interest accrued on Deposits	0.57	0.23
Total	77.38	205.04

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 16:

CURRENT INVESTMENTS

	(₹ in Lakhs)				
	Face Value ₹	Nos.	As at 31 March 2017 Amount	Nos.	As at 31 March 2016 Amount
Trade Investments (unquoted)					
Current Maturities of Long Term Investments *					
Investment in Debentures and Bonds					
The Mysore Kirloskar Limited					
(In liquidation)					
12.5% Secured Non Convertible Part "B" debentures of ₹ 44 each	100	30,000	13.20	30,000	13.20
Less: Provision for diminution in value			13.20		13.20
			-		-
Total			-		-

Particulars	As at 31 March 2017	As at 31 March 2016
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 17:

INVENTORIES

	(₹ in Lakhs)	
	As at 31 March 2017	As at 31 March 2016
Raw material at site	3,202.97	2,348.05
Raw material in transit	1,443.51	709.97
Work-in-progress	2,941.76	2,250.66
Finished goods	1,186.57	438.00
Stores and spares	3,307.72	3,490.29
By-products	103.53	61.49
Inventories of Renewable Energy Certificates	1.65	1.40
Total	12,187.71	9,299.86
Details of Work-in-progress		
Castings	2,139.22	1,850.95
Patterns	701.94	257.52
Others	100.60	142.19
Total	2,941.76	2,250.66
Details of Finished Goods		
Pig Iron	965.37	181.61
Castings	221.20	256.39
Total	1,186.57	438.00



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

NOTE 18:

TRADE RECEIVABLES

Unsecured:

a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment

- considered good	314.94	362.12
- considered doubtful	350.37	330.42
Less: provision therefor	350.37	330.42

(b) Others*	19,458.32	13,628.30
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Total	19,773.26	13,990.42
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* Net of Sales bills discounted ₹ 1,426.33 Lakhs
(₹ 2,614.30 Lakhs)

NOTE 19:

CASH AND BANK BALANCES

Cash and Cash Equivalents

Balances with Banks:

On Current Accounts	971.52	278.38
Fixed Deposits having original maturity less than 3 months	367.50	40.00

Earmarked balances:

Unclaimed Dividend Accounts	333.40	443.43
Unclaimed fractional shareholdings account	2.72	2.72

Cash on hand	1.28	5.17
	1,676.42	769.70

Other Bank Balances:

Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date	6,723.66	4,217.33
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Non current Bank balances:

Fixed Deposits with banks due for realisation after 12 months from the reporting date	75.44	203.44
Margin money deposit	1.37	1.37
	76.81	204.81
Less: Disclosed under other non-current assets (Refer Note 15)	76.81	204.81

Total	8,400.08	4,987.03
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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

NOTE 20:**SHORT TERM LOANS AND ADVANCES****Unsecured, considered good:**

	As at 31 March 2017	As at 31 March 2016
Advances recoverable in cash / kind	775.66	1,237.81
Balances with Government Authorities	1,708.56	1,425.16
Prepaid expenses	129.98	139.70
	2,614.20	2,802.67

Others:**Unsecured, considered good:**

Advance for repairs	3.35	22.25
Others	-	0.24

Total

2,617.55	2,825.16
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NOTE 21:**OTHER CURRENT ASSETS**

Unbilled revenue from wind power	395.15	486.76
Interest accrued on deposits with banks	268.36	157.21
Transmission and Wheeling charges recoverable from MSEDCL	38.91	38.66
Other receivables	1.18	0.93
Deferred premium on Forward Contracts	61.34	44.51
Total	764.94	728.07



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

	(₹ in Lakhs)	
	2016-17	2015-16
NOTE 22:		
REVENUE FROM OPERATIONS		
Sale of products:		
Pig Iron	66,506.03	70,485.51
Casting	58,442.21	52,635.45
By-products	2,172.66	2,150.00
Sale of Wind power	276.21	426.39
Sale of Renewable Energy Credit	76.80	48.65
Total (a)	1,27,473.91	1,25,746.00
Other Operating Income		
Scrap sales / Miscellaneous income	660.98	799.70
Total (b)	660.98	799.70
Revenue from Operations (Gross) (a+b)	1,28,134.89	1,26,545.70
Less: Excise Duty (c)	14,410.96	14,677.62
Revenue from operations (Net) (a+b-c)	1,13,723.93	1,11,868.08
NOTE 23:		
OTHER INCOME		
Interest on bank deposits	812.86	765.61
Dividend income - non current investments	712.90	1,739.43
Gain on sale of long term shares / investment properties (Net)	25.22	111.91
Other non-operating income		
Property licensing fees	3,230.47	2,857.37
Net gain on foreign currency transactions	21.03	4.58
Rental income and equipment leasing charges ##	11.79	21.08
Excess provisions for expenses no longer required	88.32	84.33
Sundry credit balances	45.63	-
Insurance claim received	0.80	-
Miscellaneous income	45.02	65.22
Total	4,994.04	5,649.53

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 ₹ 1.15 Lakhs for the year ended 31 March 2017, (₹ 7.82 Lakhs).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016
NOTE 24:		
COST OF MATERIAL CONSUMED		
Stock at the beginning of the year	3,058.02	4,778.34
Add: Purchases	61,742.43	56,475.38
Less: Stock at the end of the year	4,646.48	3,058.02
Cost of material consumed	60,153.97	58,195.70
Details of Raw Material Consumed		
Iron Ore	12,980.65	15,505.06
Coke	35,132.27	32,480.16
M.S. / C.I Scrap	7,552.29	8,152.29
Others	4,488.76	2,058.19
Total	60,153.97	58,195.70
NOTE 25:		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT		
Inventory at the end of the year		
Work-in-progress	2,941.76	2,250.66
Finished goods	1,186.57	438.00
By-products	103.53	61.49
Total	4,231.86	2,750.15
Inventory at the beginning of the year		
Work-in-progress	2,250.66	2,561.22
Finished goods	438.00	946.06
By-products	61.49	287.34
Total	2,750.15	3,794.62
(Increase) / Decrease	(1,481.71)	1,044.47



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

NOTE 26:**EMPLOYEE BENEFITS EXPENSE**

	As at 31 March 2017	As at 31 March 2016
Salaries and incentives	6,216.98	5,961.52
Contributions to:		
Provident Fund and Labour Welfare Fund	252.36	244.91
Superannuation	24.75	24.53
Gratuity	93.27	239.39
Others	12.83	13.73
Staff welfare expenses	861.50	717.86
Total	7,461.69	7,201.94

NOTE 27:**FINANCE COST**

Interest	1,145.31	1,753.49
Other Borrowing Costs	14.57	28.51
Applicable net loss on foreign currency transactions	205.82	568.49
Total	1,365.70	2,350.49

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

NOTE 28:	As at 31 March 2017	As at 31 March 2016
OPERATING AND OTHER EXPENSES		
a. Operating Expenses		
Consumption of Stores, Spares and Consumables	12,344.86	12,075.59
Power, fuel and water	8,790.71	8,907.22
Fettling and other manufacturing expenses	2,650.39	2,626.93
Repairs and maintenance		
Machinery	1,287.31	2,065.05
Buildings	254.17	184.26
Machinery hire charges	143.16	137.58
Excise duty on Increase / (Decrease) in closing stock of finished goods	83.76	(73.37)
Operation and Maintenance Charges - Windmill	3.90	35.45
Transmission and Wheeling charges	59.90	41.95
Other Open Access charges	19.95	5.62
Periodic unwinding of discount	11.77	-
Total (a)	25,649.88	26,006.28
b. Selling Expenses		
Freight and forwarding expenses (Net)	858.45	767.39
Sales commission and incentive	836.39	874.21
Royalty	290.25	283.98
Advertisement	20.42	12.57
Other Selling Expenses	155.37	40.60
Total (b)	2,160.88	1,978.75
c. Other / Administrative Expenses		
Security Staff Service	251.70	214.60
Legal and Professional Fees	525.21	654.97
Electricity charges	3.34	4.32
Rates and Taxes	222.82	175.12
Repairs and maintenance		
Property	148.41	60.43
Other Assets	229.93	193.15
Travelling Expenses	225.10	211.13
Communication Expenses	58.61	59.06



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

	(₹ in Lakhs)	
	2016-17	2015-16
Printing and Stationery Expenses	74.92	69.73
Garden and Site Maintenance	46.28	46.33
Commission to Directors	91.40	73.00
Director Sitting Fees	27.14	16.51
Insurance charges	44.09	38.61
Advertisement and Publicity	2.97	4.39
Postage and Courier	7.71	5.07
Rent expense	14.17	4.36
Advance / Investments written off	0.04	100.55
Provision no longer required written back (Refer Note 32)	-	(100.55)
Bad debts written off	0.21	60.47
Provision for Doubtful Debts	19.95	14.48
Membership Subscription	6.77	5.95
Miscellaneous expenses	539.05	477.55
Loss on sale / demolition / scrap of assets	0.56	1.12
Payment to auditors for:		
Statutory Audit	30.00	24.75
Certification and other services	5.93	9.01
Taxation matters	3.75	2.75
Reimbursement of expenses	1.45	2.56
Total (c)	2,581.51	2,429.42
Total (a+b+c)	30,392.27	30,414.45

NOTE 29:

DEPRECIATION AND AMORTISATION EXPENSE

On Property, Plant and Equipment and Intangible Assets (Refer Note 12)	4,662.79	4,500.41
On Investment Property	24.80	24.87
Total	4,687.59	4,525.28

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 30:

Notes on these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such Notes from the individual financial statements, which:

- a) are necessary for representing a true and fair view of the Consolidated Financial Statements
- b) the notes involving items, which are considered to be material.

NOTE 31:

Due to the diversity in the nature of business and business environment the Subsidiary operates in, the Accounting Policies most appropriate to each, for reporting Financial Statement have been adopted, hence no adjustments have been made to bring about any uniformity in the Accounting Policies in reporting Consolidated Financial Statement.

NOTE 32:

The investment in an associate, Kothrud Power Equipment Limited (KPEL) of ₹ 99.21 Lakhs was written off during the previous year ended March 31, 2016. KPEL had applied for the striking off of its name from the Registrar of Companies under Section 560 of the Companies Act, 1956, on 26 October 2016. Accordingly, KPEL's name has been struck off from the Registrar and stands dissolved with effect from 20 January 2017.

NOTE 33:

CAPITAL AND OTHER COMMITMENTS

(₹ in Lakhs)		
Particulars	As at 31 March 2017	As at 31 March 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,344.16	3,588.01

NOTE 34:

CONTINGENT LIABILITIES NOT PROVIDED FOR

(₹ in Lakhs)			
Sr. No.	Particulars	As at 31 March 2017	As at 31 March 2016
1	Disputed central excise demands	146.00	164.96
2	Disputed service tax demands	346.06	543.47
3	Disputed sales tax demands	653.65	649.71
4	Disputed income tax demands	2,391.76	1,750.27
5	Provident Fund Matters	185.33	-----
6	Conveyance Deed Charges in respect of property	21.51	21.51
7	Labour matters to the extent quantifiable	37.05	22.90
8	Sales bills discounted	1,426.33	2,249.91
9	Bank guarantee	1.00	1.00



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 35:

(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	2016-17 2015-16	1,07,52,982 74,00,487	7,329.09 5,092.88	Hedging the Risk Hedging the Risk

(b) Details of foreign currency exposures that are not hedged by derivative instruments or otherwise

(₹ in Lakhs)

Particulars	Currency	Year	Amount in Foreign Currency	Equivalent Indian Currency ₹ in Lakhs
Trade Receivables	EURO	2016-17 2015-16	--- 11,592	--- 8.74
Advance for Supplies	USD	2016-17 2015-16	27,396 3,72,243	17.80 246.65
	EURO	2016-17 2015-16	9,936 1,75,092	6.86 129.65
Payables	USD	2016-17 2015-16	3,23,140 —	209.54 —
	EURO	2016-17 2015-16	6,118 33,500	4.31 25.27

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 36:

SEGMENT REPORTING

(₹ in Lakhs)

	Particulars	Year ended	
		31 March 2017	31 March 2016
1	Segment Revenue		
A	- Wind power generation	354.53	515.50
B	- Investments (Securities and Properties)	4,435.94	5,384.06
C	- Iron Casting	1,13,926.17	1,11,617.82
	Total	1,18,716.64	1,17,517.38
	Less: Inter segment revenue	-	-
	Net Sales / Income from Operations	1,18,716.64	1,17,517.38
2	Segment Results		
	Profit (+) / Loss (-) before tax and after interest on 'Iron Casting' Segment		
A	- Wind power generation	155.04	340.87
B	- Investments (Securities and Properties)	3,661.83	4,788.35
C	- Iron Casting	13,516.34	10,877.86
	Total	17,333.21	16,007.08
	Add / (Less):		
	Interest	(1,365.70)	(2,350.49)
	Other Unallocable income / (expenditure) net off unallocable income / (expenditure)	(75.34)	(61.53)
	Total Profit Before Tax	15,892.17	13,595.06
3	Total carrying amount of Segment Assets / Corporate Assets		
A	- Wind power generation	1,234.73	1,113.24
B	- Investments (Securities and Properties)	58,662.31	55,834.36
C	- Iron Casting	97,215.51	85,653.16
D	- Unallocable corporate assets	724.81	643.42
	Total Segment Assets	157,837.36	1,43,244.18
4	Total carrying amount of Segment Liabilities / Corporate Liabilities		
A	- Wind power generation	173.38	14.09
B	- Investments (Securities and Properties)	1,767.77	1,724.83
C	- Iron Casting	38,957.78	36,452.16
D	- Unallocable corporate liabilities	222.13	249.45
	Total Segment Liabilities	41,121.06	38,440.53



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

	Particulars	Year ended	
		31 March 2017	31 March 2016
5	Capital Employed (Segment Assets - Segment Liabilities)		
A	- Wind power generation	1,061.35	1,099.15
B	- Investments (Securities and Properties)	56,894.54	54,109.53
C	- Iron Casting	58,257.73	49,201.00
D	- Unallocable corporate assets less liabilities	502.68	393.97
	Less: Minority interest	(28,285.15)	(23,897.95)
	Total capital employed in the Company	88,431.15	80,905.70
6	Total cost incurred during the year to acquire segment assets that are expected to be used during more than a year		
A	- Wind power generation	1.84	0.18
B	- Investments (Securities and Properties)	22.92	2.50
C	- Iron Casting	7,088.37	5,283.97
D	- Unallocable corporate assets	-	-
	Total Assets Acquired	7,113.13	5,286.65
7	Depreciation and Amortisation		
A	- Wind power generation	63.43	50.69
B	- Investments (Securities and Properties)	34.93	35.73
C	- Iron Casting	4,587.26	4,436.61
D	- Unallocable Corporate Depreciation	1.97	2.25
	Total Depreciation and Amortisation	4,687.59	4,525.28

Note 37:

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 (upto January 20, 2017)		
Key Management Personnel and their relatives		
Key Management Personnel		Relatives of Key Management Personnel and relationship
Name	Designation	
Aditi Chirmule	Executive Director	None
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 2017

(b) Related Party Transactions:

(₹ in Lakhs)

Nature of transaction	Year	Key Management Personnel	Associate Company
Reimbursement of expenses given	2016-17	----	----
	2015-16	----	0.60
Reimbursement of expenses received from	2016-17	----	----
	2015-16	----	3.40
Expenses rendering of services	2016-17	494.45	----
	2015-16	395.74	----
Dividend Paid	2016-17	----	----
	2015-16	2.98	----
Investments / Advances written off	2016-17	----	----
	2015-16	----	100.55
Provision for diminution in investment and provision for advance given written back	2016-17	----	----
	2015-16	----	100.55
Outstanding as at 31 March			
Payable	2017	347.16	----
	2016	261.47	----
Investments	2017	4.95	----
	2016	4.95	----

NOTE 38:

EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Net Profit after tax as per the Statement of Profit and Loss (₹ in Lakhs)	11,939.13	10,033.11
Add: Share of Profit / (Loss) of Associate	-	-
Less: Minority Interest (₹ in Lakhs)	4,397.04	2,804.16
Less: Share in pre-acquisition profits adjusted in computation of Goodwill on acquisition of additional equity shares of subsidiary	1.81	-
Net Profit after tax, share in Associate, Minority Interest and share in pre-acquisition profit as per Statement of Profit and Loss (₹ in Lakhs) (A)	7,540.28	7,228.95
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)	77.66	74.45



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

NOTE 39:

DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the Ministry of Corporate Affairs notification G.S.R. 308(E) dated March 30, 2017. Disclosure on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the Notification is given below:

(Amount in ₹)			
Particulars	Specified Bank Notes (SBNs)*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	91,500	3,57,401	4,48,901
(+) Permitted receipts	-	9,82,681	9,82,681
(-) Permitted payments	5,000	9,35,141	9,40,141
(-) Amount deposited in Banks	86,500	-	86,500
Closing cash in hand as on 30 December 2016	-	4,04,941	4,04,941

* As defined in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs Number S.O. 3407(E), dated the 8th November, 2016.

NOTE 40: PROVISIONS

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

(₹ in Lakhs)				
Class of Provision	Opening balance as on April 1, 2016	Provisions for the year	Amounts used during the year	Closing balance as on March 31, 2017
Casting rejections*	123.00	182.93	123.00	182.93
Provision for Decommissioning and Restoration**	-	150.44	-	150.44

* Nature of obligation: Provision for possible obligation towards outflow of resources on casting rejections. Expected timing of resulting outflow: Substantial costs will be incurred in the next financial year.

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

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	50.09	58,458.57	24.10	2,877.61
Indian Subsidiary - Kirloskar Ferrous Industries Limited	25.68	29,972.58	39.07	4,664.48
Minority Interest	24.23	28,285.15	36.83	4,397.04
Associate (Refer Note 32 to Consolidated Financial Statements and Joint Venture)	Not Applicable			
Total	100.00	1,16,716.30	100.00	11,939.13

NOTE 42:

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

As per our attached report of even date

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

U. S. ABHYANKAR
Partner
Membership Number: 113053

Pune: 11 May 2017

For and on behalf of the Board of Directors

ATUL KIRLOSKAR
Chairman
DIN 00007387

ASHWINI MALI
Company Secretary
ACS 19944

ADITI CHIRMULE
Executive Director
DIN 01138984

JASVANDI DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 11 May 2017

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 website: www.kil.net.in**23rd ANNUAL GENERAL MEETING ON 28 AUGUST 2017 AT 11.00 A.M.****ATTENDANCE SLIP**

Registered Folio No. / DP ID and Client ID	
Name and address of the Member(s)	
Joint Holder 1 Joint Holder 2	
No. of Shares	

I / We hereby record my / our presence at the 23rd 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 Monday, 28 August 2017, at 11.00 a.m.

Member's Folio / DP ID / Client ID No.

Member's / Proxy's name in Block Letters

Member's / Proxy's Signature

Note: Please complete the Folio / DP ID / Client ID and name, sign this Attendance Slip and hand it over at the Attendance Verification counter at the ENTRANCE OF THE MEETING HALL.

TEAR HERE

TEAR HERE

KIRLOSKAR INDUSTRIES LIMITED**A Kirloskar Group Company**

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Tel.: +91 -(0)20-2545 2721 Telefax: +91-(0)20-2545 4723 E-mail: investorrelations@kirloskar.com website: www.kil.net.in**23rd ANNUAL GENERAL MEETING ON 28 AUGUST 2017 AT 11.00 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.

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting of the Company, to be held on Monday, 28 August 2017, at 11.00 a.m. at any adjournment thereof in respect of such resolutions:

Resolu- tion No.	Resolution	Number of equity shares	Optional*	
			For	Against
1.	Adoption of Audited Financial Statements of the Company for the Financial Year ended 31 March 2017 and Report of Board of Directors and Auditors thereon (including Consolidated Financial Statements)			
2.	Declaration of Dividend on equity shares for the Financial Year ended 31 March			
3.	Re-Appointment Mr. Atul Kirloskar (DIN 00007387), who retires by rotation			
4.	Ratification of 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 Chhabria as the Managing Director of the Company			
6.	Re-appointment of Ms. Aditi Chirmule as the Executive Director of the Company			
7.	Revision in salary of Mr. Ambar Kulkarni, General Manager of the Company			
8.	Appointment of Mr. Sunil Shah Singh (DIN 00233918) as an Independent Director			
9.	Appointment of Mr. D. Sivanandhan (DIN 03607203), as an Independent Director			
10.	Appointment of Mr. Vinesh Kumar Jairath (DIN 00391684), as an Independent Director			
11.	Appointment of Mr. Ashit Parekh (DIN 00821577), as an Independent Director			
12.	Approval of Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KILE SOP 2017)			

Signed this day of 2017

Signature of Member(s)

Signature of Proxy holder(s)

Please affix
Revenue
Stamp
₹ 1

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.

[illegible]

NOTES

[illegible]



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NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of Kirloskar Industries Limited will be held on Monday, the 28th day of August 2017, at 11.00 a.m. at S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030, to transact the following businesses:

ORDINARY BUSINESS:

ITEM NO.1:

To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the Financial Year ended 31 March 2017 and the Reports of the Board of Directors and Auditors thereon.

ITEM NO.2:

To declare dividend on equity shares for the Financial Year ended on 31 March 2017.

ITEM NO.3:

To appoint a Director in place of Mr. Atul Kirloskar (holding DIN 00007387), who retires by rotation and being eligible, offers himself for re-appointment.

ITEM NO.4:

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

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of G. D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at a remuneration decided by the Board of Directors from time to time, be and is hereby ratified.”

SPECIAL BUSINESS:

ITEM NO. 5:

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with Schedule V to the Act and the Rules thereof, (including any statutory modifications or re-enactment thereof for the time being in force) read with Articles 167(A), 167(B) and 167(C) of the Articles of Association of the Company and also subject to such other approvals as may be necessary, Mr. Mahesh Chhabria (holding DIN 00166049), be and is hereby appointed as the Managing Director of the Company, liable to

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retire by rotation, for a term of 5 (five) years with effect from 4 July 2017, upon the terms and conditions as set out in the Agreement to be entered into between the Company and Mr. Mahesh Chhabria, on the remuneration and other terms, as set out below:

A. BASIC SALARY:

Basic Salary shall be ₹ 10,00,000 (Rupees Ten Lakhs only) per month.

B. PERQUISITES:

In addition to the aforesaid salary, Mr. Mahesh Chhabria as the Managing Director shall be entitled to the following perquisites:

1. Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities and repairs shall be borne by the Company.
2. Reimbursement of all medical expenses incurred for self and family.
3. Leave travel assistance for self and family not exceeding ₹ 2,00,000 (Rupees Two Lakhs) per annum.
4. Personal accident insurance, premium whereof does not exceed ₹ 25,000 (Rupees Twenty Five Thousand only) per annum.
5. A car with driver.
6. Telephone, fax and other communication facilities at residence.
7. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
8. Gratuity at the rate not exceeding 30 days' salary for each completed year of service.
9. Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed at the end of the tenure.

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

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

C. COMMISSION:

Commission as may be decided by the Board of Directors based on the net profits of the Company each year.

D. MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as the Managing Director, minimum remuneration by way of salary, perquisites and other allowances shall be in accordance with the ceiling as prescribed in Schedule V to the Act or any statutory modification thereof.

E. So long as he functions as the Managing Director, he shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to consider revision in the remuneration payable to Mr. Mahesh Chhabria during the term of the present appointment as the Managing Director, subject to ceilings laid down in Section 197 including the Rules made thereunder and Schedule V to the Act, without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT the Board of Company do enter into an Agreement with Mr. Mahesh Chhabria as the Managing Director which be signed by any Director of the Company, on behalf of the Company.

RESOLVED FURTHER THAT Mrs. Ashwini Mali, Company Secretary of the Company, be and is hereby authorised to intimate the appointment and sign and file such returns and forms with the Registrar of Companies, as are required by the Companies Act, 2013."

ITEM NO. 6:

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with Schedule V to the Act and the Rules thereof (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Article 167 (A), 167 (B) and 167 (C) of the Articles of Association of the Company and subject to such other approvals as may be necessary, Ms. Aditi Chirmule (holding DIN 01138984), be and is hereby re-appointed as the Executive Director of the Company, not liable to retire by rotation, for a further period of 5 (five) years commencing from 25 January 2017, upon the terms and conditions as set out in the Agreement to be entered into between the Company and Ms. Aditi Chirmule on the remuneration and other terms, set out below:

A. BASIC SALARY:

Basic Salary shall be ₹ 3,00,000 (Rupees Three Lakhs only) per month with an annual increment of ₹ 30,000 p.m. (Rupees Thirty Thousand Only).

B. PERQUISITES:

In addition to the aforesaid salary, Ms. Aditi Chirmule, as the Executive Director, shall be entitled to the following perquisites:

1. Reimbursement of all medical expenses incurred for self and family, subject to a limit of ₹ 15,000 (Rupees Fifteen Thousand only) per annum. In addition, hospitalisation expenses incurred in India for self and family will be paid on actual basis.
2. Leave travel assistance for self and family, once in a year, not exceeding half month's salary.
3. Term insurance premium whereof does not exceed ₹ 12,000 (Rupees Twelve Thousand only) per annum.
4. Provision of car.

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5. Telephone at residence and a mobile phone. Personal long distance calls shall be billed by the Company to the Executive Director.
6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company.
7. Gratuity at the rate not exceeding 15 days' salary for each completed year of service.
8. Leave at the rate of 30 days per calendar year of service. Leave calculation for a part of the calendar year at the date of appointment as the Executive Director or on ceasing to be Executive Director shall be made on a pro-rata basis at the rate of two and a half days' leave for every month of service. Leave accumulated and not availed of, may be encashed at the end of tenure as per the Rules of the Company.

"Family" for the above purpose means spouse, dependent children and dependent parents of the Executive Director.

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

C. COMMISSION:

Commission as may be decided by the Board of Directors based on the net profits of the Company each year.

D. MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year during the currency of her tenure as the Executive Director, the payment of salary, perquisites and other allowances shall stand reduced to the limit prescribed in Section II of Part II of Schedule V to the Companies Act, 2013, as minimum remuneration.

For the purpose of computation of minimum remuneration, the following shall not be included –

- 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.
- b. Gratuity at the rate not exceeding fifteen days salary for each completed year of service as Executive Director.
- c. Encashment of leave at the end of the tenure.

- E. So long as she functions as the Executive Director, she shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

RESOLVED FURTHER THAT Ms. Aditi Chirmule, Executive Director shall be eligible to receive stock options of the Company, as decided by the Board or its Committee, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to consider revision in the remuneration payable to Ms. Aditi Chirmule during the term of the present re-appointment as the Executive Director, subject to ceilings laid down in Section 197 and Schedule V to the Companies Act, 2013, without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revisions in the remuneration.

RESOLVED FURTHER THAT the Company do enter into an Agreement with Ms. Aditi Chirmule as the Executive Director which be signed by any Director of the Company, on behalf of the Company.

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RESOLVED FURTHER THAT Mrs. Ashwini Mali, Company Secretary of the Company, be and is hereby authorised to intimate the appointment and sign and file such returns and forms with the Registrar of Companies, as are required by the Companies Act, 2013."

ITEM NO. 7:

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

"RESOLVED THAT pursuant to the provisions of Sections 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof) and as approved by the Audit Committee and by the Board of Directors, the consent of the members of the Company, be and is hereby accorded for revision in the remuneration of Mr. Ambar Kulkarni, General Manager, a relative of Mr. Nihal Kulkarni, Director of the Company, who holds an office or place of profit in the Company, with effect from the date of this Annual General Meeting of the Company:

1. Basic Salary shall be ₹ 1,50,000 (Rupees One Lakh Fifty Thousand only) per month.
2. House Rent Allowance shall be ₹ 60,000 (Rupees Sixty Thousand only) per month.
3. Conveyance shall be ₹ 10,000 (Rupees Thousand only) per month.
4. Special Allowance shall be ₹ 1,26,500 (Rupees One Lakh Twenty Six Thousand Five Hundred only) per month.
5. Leave Travel Allowance shall be ₹ 10,000 (Rupees Ten Thousand only) per month, which will be paid annually.
6. Exgratia shall be ₹ 1,750 (Rupees One Thousand Seven Hundred Fifty only) per month, which will be paid annually.
7. Medical reimbursement shall be ₹ 1,250 (Rupees One Thousand Two Hundred Fifty only) per month, which will be paid annually.
8. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
9. Casual leaves 5 days per calendar year.
10. Privilege leaves 30 days per completed calendar year of service.
11. Accumulation of leaves shall be up to 180 days, at any given time.
12. Provision of Car.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution and also to vary the terms of remuneration from time to time without being required to seek any fresh approval of the members of the Company, but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration and that the decision of the Board of Directors shall be final and conclusive in this regard.

RESOLVED FURTHER THAT Ms. Aditi Chirmule, Executive Director and Mrs. Jasvandi Deosthale, Chief Financial Officer of the Company, be and are hereby severally authorised to take such further steps, acts and execute deeds and documents, as may be necessary, proper or expedient to give effect to this resolution."

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ITEM NO. 8:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sunil Shah Singh (holding DIN 00233918), who was appointed as an Additional Independent Director with effect from 19 October 2016 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years up to 18 October 2021.”

ITEM NO. 9:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. D. Sivanandhan (holding DIN 03607203), who was appointed as an Additional Independent Director with effect from 11 May 2017 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years up to 10 May 2022.”

ITEM NO. 10:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vinesh Kumar Jairath (holding DIN 00391684), who was appointed as an Additional Independent Director with effect from 4 July 2017 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years up to 3 July 2022.”

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ITEM NO. 11:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ashit Parekh (holding DIN 00821577), who was appointed as an Additional Independent Director with effect from 4 July 2017 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years up to 3 July 2022.”

ITEM NO. 12:

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

“RESOLVED THAT pursuant to the provisions of Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013, (the Act) and the Rules made thereunder, (including any statutory modification(s) or any substitution or re-enactment thereof for the time being in force) and in accordance with the Memorandum of Association and the Articles of Association of the Company, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), provisions of the Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014, (hereinafter referred to as “SEBI SBEB Regulations”) and to such other applicable Regulations which may be issued and / or amended from time to time by SEBI or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the members of the Company be and is hereby accorded to the introduction and implementation of the “Kirloskar Industries Limited – Employees Stock Option Plan 2017” (hereinafter referred to as the KIL ESOP 2017) and authorising the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer and grant from time to time to benefit of such person(s) who are in permanent employment of the Company, whether working in India or out of India, including any Director of the Company (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company), whether whole time or otherwise, options exercisable into 4,85,000 (Four Lakhs Eighty Five Thousand) equity shares of the Company, of face value ₹ 10 (Ten) each, under the KIL ESOP 2017, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the KIL ESOP 2017 and in due compliance with the applicable laws and regulations or guidelines issued by the relevant Authority.

RESOLVED FURTHER THAT in case of any corporate action (s) such as right issues, bonus issues, change in capital structure, merger and sale of division / undertaking or other reorganisation and others, if any additional

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equity shares are to be issued by the Company to the members, the ceiling as aforesaid of 4,85,000 (Four Lakhs Eighty Five Thousand) equity shares, shall be deemed to increase in proportion of such additional equity shares issued to facilitate making fair and reasonable adjustment.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares upon exercise of options from time to time in accordance with the KIL ESOP 2017 and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the exercise price payable by the option grantees under the KIL ESOP 2017, shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10 (Ten) per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said grantees.

RESOLVED FURTHER THAT the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the KIL ESOP 2017 as per the terms approved in this resolution and at any time to modify, change, vary, alter, amend, suspend or terminate the KIL ESOP 2017, subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and / or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the KIL ESOP 2017 and to do all other things incidental and ancillary thereof.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all acts, matters, deeds and things and to take all steps and to do all things and give such directions as may be necessary, expedient or desirable and also to settle any question or difficulties that may arise in such manner and the Board / such authorised person in its / his absolute discretion may deem fit and take steps which are incidental and ancillary in this connection."

By Order of the Board of Directors

Ashwini Mali

Company Secretary

Place: Pune

Date: 4 July 2017

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NOTES:

- i. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- ii. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time fixed for holding the meeting. Proxies shall not have any right to speak at the meeting.
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- iii. The Statement setting out the material facts pursuant to Section 102 (1) of the Companies Act, 2013, (the Act), concerning the Ordinary Business No. 3 and Special Business No. 5 to 12 in the Notice and is annexed hereto and forms part of this Notice.
- iv. Details pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), in respect of Directors seeking appointment / re-appointment at this Annual General Meeting forms part of this Notice.
- v. Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 22 August 2017 to Monday, 28 August 2017, (both days inclusive), for determining the names of members eligible for dividend on equity shares, if declared at this Annual General Meeting.
- vi. The dividend, if declared at the Annual General Meeting, will be paid to those members:
 - a. whose name appear as Beneficial Owners as at the end of the business hours on 21 August 2017, in the list of Beneficial Owners to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited in (CDSL) respect of equity shares held in electronic form;
 - b. whose name appear as Members in the Register of Members of the Company after giving effect to valid share transfers / transmissions in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before 21 August 2017.
- vii. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of unclaimed final dividend for the Financial Year 2008-09 and interim dividend for the Financial Year 2009-10, has already been transferred to the 'Investor Education and Protection Fund' on 22.08.2016 and 27.02.2017, respectively.
- viii. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and Rules made there under (including any statutory modifications or re-enactment thereof for the time being in force) any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer is required to be transferred to the 'Investor Education and Protection Fund (IEPF)'.
Pursuant to the provisions of IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 and its amendments thereon, all shares in respect of which the dividend has not been paid or claimed for 7 consecutive years or more, are required to be transferred to IEPF.

Accordingly, the unpaid / unclaimed dividend for the years 2010-11, onwards along with respective shares will become transferable at the end of respective seven years to IEPF.

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Shareholders are requested to send their claims, if any, before the amount becomes due for transfer to the above Fund. Shareholders are requested to encash the dividend warrants immediately on their receipt by them.

ix. **Register National Electronic Clearing Service (NECS) Mandate**

In order to get their dividend through National Electronic Clearing Service (NECS), members who are holding shares in physical form are requested to inform their bank account details such as name of the bank, branch, its address, account number, 9 digit MICR code, IFSC code and type of account, i.e., Savings or Current or Cash Credit etc. to Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company, (the R & T Agent), having its office at 'Akshay' Complex, Block No. 202, 2nd Floor, Off. Dhole Patil Road, Near Ganesh Temple, Pune 411 001. Shareholders holding shares in dematerialised form are requested to inform their bank account particulars to their respective Depository Participant (DP) and not to the R & T Agent / the Company. Those shareholders who do not opt for NECS facility may inform only Bank Account Number and Bank Name for printing the same on the dividend warrant to ensure safety. Members who wish to avail the above facility are requested to submit required information to the R & T Agent on or before the closing hours of 21 August 2017.

x. **Permanent Account Number (PAN)**

The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every participant in securities market. Members are requested to submit their PAN to their DPs (in case of shares held in dematerialised form) or to the Company / the R & T Agent (in case of shares held in physical form).

xi. Members are requested to inform change in address or Bank mandate to their respective DPs with whom they are maintaining their demat accounts and with the R & T Agent or the Company for the shares held in physical form by a written request duly signed by the member for receiving all communication in future.

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

xiii. Members may avail of the facility of dematerialisation by opening demat accounts with the DPs of either NSDL OR CDSL and get the equity share certificates held by them dematerialised.

xiv. Members who hold shares in electronic form are requested to bring their Client ID and DP ID for easy identification.

xv. Members are requested to bring their attendance slip and copy of the Annual Report at the meeting.

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

xvii. Members having multiple folios are requested to intimate to the Company / the R & T Agent such folios, to consolidate all shareholdings into one folio.

xviii. **Register Email Address**

Members are requested to register their e-mail addresses with the Company / the R & T Agent in case of holding of shares in physical form and with the concerned DPs in case of shares held in dematerialised form.

xix. All documents referred to in the Notice or in the accompanying Statement annexed to the Notice are available for inspection by the members at the Registered Office of the Company on all working days, except

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Saturdays, Sundays and public holidays, between 10.00 a.m. to 12.00 noon, prior to the date of the Annual General Meeting and also available for inspection at the meeting.

- xx. Pursuant to the provisions of Section 72 of the Act read with the Companies (Share Capital and Debentures) Rules, 2014, members are entitled to make a nomination in respect of shares held by them in physical form. Shareholders desirous of making a nomination are requested to send their requests in Form No. SH-13 in duplicate (which will be made available on request) to the R & T Agent of the Company.
- xxi. The Notice along with the Annual Report will be sent electronically indicating the process and manner of e-voting to the members whose e-mail addresses are registered with the DPs / the Company. The physical copy of Notice along with the Annual Report will be sent to those members whose e-mail addresses are not registered with the DPs / the Company indicating the process and manner of e-voting.

The members will be entitled to receive physical copy of the Annual Report for the Financial Year ended 31 March 2017, free of cost, upon sending a request to the R & T Agent or the Company. The Notice along with the Annual Report will also be available on the Company's website, viz., www.kil.net.in.

xxii. **Voting through electronic means:**

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013, (the Act), read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide to the members the facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") is provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through Ballot Form shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Form.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Friday, 25 August 2017 (9:00 a.m.) and ends on Sunday, 27 August 2017 (5:00 p.m.). During this period, members' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 21 August 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
 - A. In case a member receives an email from NSDL [for members whose email ids are registered with the Company / the Registrar and Share Transfer Agent (the R & T Agent) viz., Link Intime India Private Limited / Depository Participants]:
 - (i) Open email and open PDF file viz., "KIL Annual Report remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for remote e-voting. Please note that the password is an initial password.

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Note: Shareholders already registered with NSDL for e-voting will not receive the PDF file "KIL Annual Report remote e-voting.pdf".

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder – Login
- (iv) Put user ID and password as initial password / PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "Kirloskar Industries Limited".
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to mjrpcs@gmail.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email ids are not registered with the Company / the R & T Agent / Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

EVEN (E-voting Event Number)	USER ID	PASSWORD / PIN
------------------------------	---------	----------------

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password / PIN for casting your vote.

Note: Members who forgot the user details / password can use "[Forgot User Details / Password?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com.

In case members are holding shares in demat mode, user id is the combination of (DPID + Client ID).

In case members are holding shares in physical mode, user id is the combination of

(Even No + Folio No).

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- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21 August 2017.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e., 21 August 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or pune@linkintime.co.in.
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- xxiii. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- xxiv. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Ballot Form.
- xxv. A person, who is not a member as on the cut-off date should treat this Notice for information purpose only.
- xxvi. Mr. Mahesh J. Risbud, Practicing Company Secretary, Pune, (Membership No. FCS 810 CP No. 185) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- xxvii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Ballot Form" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- xxviii. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xxix. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company viz., www.kil.net.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai and National Stock Exchange of India Limited.
- xxx. Route map showing directions to reach to the venue of the Annual General Meeting is given at the end of this Notice as per the requirement of SS-2.

By Order of the Board of Directors

A.v.Mali

Ashwini Mali

Company Secretary

Place: Pune

Date: 4 July 2017

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ANNEXURE TO THE NOTICE

STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 36 (3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

As required by Section 102 (1) of the Companies Act, 2013, (the Act) and Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), the following Statement sets out all material facts relating to Item Nos. 3 and 5 to 12 in the accompanying Notice of the 23rd Annual General Meeting of the Company to be held on Monday, the 28th day of August 2017, at 11.00 a.m. at S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030.

ITEM NO. 3 OF THE NOTICE:

Mr. Atul Kirloskar (holding DIN 00007387) retires by rotation and being eligible, offers himself for re-appointment.

Mr. Atul Kirloskar (aged 60 years) began his career with the erstwhile Kirloskar Cummins Limited in the year 1978, where he started out as a trainee. In December 1981, he was appointed as the Chief Executive of Cummins Diesel Sales and Services.

On 1 November 1984, he was appointed as the Executive Vice President of Kirloskar Industries Limited (KIL) (then known as Kirloskar Oil Engines Limited). He was co-opted on the Board of KIL on 6 August 1985, wherein he took over as the Managing Director. In 1988, he was appointed as the Vice Chairman of KIL and held the position till 25 July 1998, when he was elected as Chairman of the Board of KIL. He resigned as Managing Director of KIL with effect from the close of working hours on 22 October 2010. He was appointed as the Chairman and Managing Director of Kirloskar Oil Engines Limited (KOEL) (then known as Kirloskar Engines India Limited) with effect from 31 March 2010. Currently, he is working as the Executive Chairman of KOEL with effect from 25 January 2012.

Mr. Atul Kirloskar is a member of the Nomination and Remuneration Committee of the Company.

Mr. Atul Kirloskar is also a Director in the following other companies:

Name of the Company	Board position held	Committee Membership
Kirloskar Ferrous Industries Limited	Director	1. Stakeholders Relationship Committee – Chairman 2. Nomination and Remuneration Committee – Member 3. Finance Committee – Chairman
Kirloskar Pneumatic Company Limited	Director	-
Kirloskar Oil Engines Limited	Whole Time Director	-
Kirloskar Proprietary Limited	Director	1. Remuneration Committee - Member
Kirloskar Energen Private Limited	Director	-
Kirloskar Solar Technologies Private Limited	Director	-

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Name of the Company	Board position held	Committee Membership
Toyota Kirloskar Motor Private Limited	Director	-
Five Star Bulkcarriers Private Limited	Director	-
Asara Sales and Investment Private Limited	Director	-
Navsai Investments Private Limited	Director	-
GreenTek Systems (India) Private Limited	Director	-
Lakeland Universal Limited, BVI	Director	-

Mr. Atul Kirloskar is holding 16,35,300 (16.84%) equity shares of the Company.

Save and except Mr. Atul Kirloskar and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

ITEM NO. 5 OF THE NOTICE:

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Mahesh Chhabria as the Managing Director of the Company with effect from 4 July 2017, for a term of five (5) years, on the terms and remuneration as set out at Item No. 5 of the Notice. The appointment and remuneration payable to Mr. Mahesh Chhabria as the Managing Director is also subject to the approval of the members as required by the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with Schedule V to the Act and the Rules thereof.

Mr. Mahesh Chhabria has a firm belief in the emerging market growth story and corporate India's push to go global. He decided to act on this belief by joining Actis which is recognised as a long-standing investor in India with an emerging market sector-based approach to investing both in minority and control deals. Mr. Mahesh Chhabria previously worked at 3i India, where he was a partner in the firm's Growth Capital Group and the lead partner globally for the Healthcare sector, heading up and contributing to 3i investments in India and international markets. Before making the move to private equity in 2006, Mr. Mahesh Chhabria was co-head of investment banking at Enam, one of the leading domestic investment banks in India. He holds a Bachelor of Commerce from the University of Mumbai and is an Associate Member of the Institute of Chartered Accountants of India. Since joining Actis in 2010, he had plunged himself into the business: forging new contacts and calling upon his existing network to help build value in Actis India-based portfolio.

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Mr. Mahesh Chhabria is also a Director in the following company:

Name of the Company	Board position held	Committee membership
Kirloskar Oil Engines Limited	Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee – Chairman

Mr. Mahesh Chhabria is holding 21,197 (0.22%) equity shares of the Company.

Mr. Mahesh Chhabria was an Independent Director of the Company with effect from 24 May 2016 and has ceased to be an Independent Director on his appointment as the Managing Director.

Mr. Mahesh Chhabria will be a Director liable to retire by rotation and his re-appointment as such Director shall not be deemed to constitute a break in his appointment as the Managing Director.

Copy of the draft Agreement to be entered into between the Company and Mr. Mahesh Chhabria as the Managing Director is available for inspection by members at the Registered Office of the Company.

Save and except, Mr. Mahesh Chhabria and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

ITEM NO. 6 OF THE NOTICE:

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee, re-appointed Ms. Aditi Chirmule, as the Executive Director of the Company, with effect from 25 January 2017, for a term of five (5) years, on the terms and remuneration as set out at item No. 6 of the Notice.

The re-appointment and remuneration payable to Ms. Aditi Chirmule, as the Executive Director is also subject to the approval of the members as required by the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with Schedule V to the Act and the Rules thereof.

Ms. Aditi Chirmule is an Associate member of the Institute of Company Secretaries of India. She has been associated with the Kirloskar Group since 1989 and has played a major role in internal and external restructuring of businesses and mergers, acquisitions and formation of joint ventures during her association with the Kirloskar Group.

Ms. Aditi Chirmule is a member of the Corporate Social Responsibility Committee and Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee of the Company.

Ms. Aditi Chirmule is not holding any Directorship in any other company.

Ms. Aditi Chirmule is not holding any equity shares of the Company.

Copy of the draft Agreement to be entered into between the Company and Ms. Aditi Chirmule, as the Executive Director is available for inspection by members at the Registered Office of the Company.



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Save and except, Ms. Aditi Chirmule and her relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

ITEM NO. 7 OF THE NOTICE:

As recommended by the Audit Committee, Mr. Ambar Kulkarni was appointed as General Manager in the Company with effect from 3 April 2017, on a total remuneration of ₹ 2,50,000 per month, by the Board of Directors in its meeting held on 18 January 2017. The Audit Committee and the Board of Director in its meeting held on 11 May 2017, have approved the revision in salary, subject to the approval of the members.

Mr. Ambar Kulkarni is a Bachelor of Applied Technology in Automotive Engineering (Specialization in Engine Performance) from the Unitec Institute of Technology, Auckland. He is currently pursuing Bachelor of Business Studies from Massey University, New Zealand. He had successfully undergone training on the latest generation of Motec Electronic Equipment, Engine Control Units, Power Distribution Modules, Displays, Data Loggers from Motec Engine Management and Data Acquisition Systems.

He held a position of Customer Service Representative in ANZ National Bank. He was a Process Control Team Member in Zintel. He also held a position of Apprentice Engine Performance Technician in Reaction Racing. He held a position of Data Analyst and Electronic Advisor for various motor-sport teams. He holds directorship in Achyut & Neeta Holdings & Finance Private Limited and his experience will benefit the Company in the field of business strategy.

Mr. Ambar Kulkarni is a related party within the definition of Section 2 (76) of the Companies Act, 2013, (the Act). Pursuant to the provisions of Section 188 of the Act, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, appointment of any related party to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding ₹ 2,50,000 requires prior approval of the members by way of Ordinary Resolution of the Company. Hence, approval of members is sought for the revision of his remuneration, as proposed in the Resolution.

The information as required in accordance with Rule 15 of the Companies (Meetings of Board and its powers) Rules, 2014, is as under:

1. Name of the related party: Mr. Ambar Kulkarni
2. Name of the Director or KMP who is related: Mr. Nihal Kulkarni, Director.
3. Nature of relationship: Mr. Ambar Kulkarni is brother of Mr. Nihal Kulkarni.
4. Nature, material terms, monetary value and particulars of the contract or arrangement: as stated in the Resolution above.
5. Any other information relevant or important for the members to take a decision on the proposed Resolution: Please refer to his qualifications and experience as mentioned aforesaid under this item of business.

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Mr. Nihal Kulkarni, Director of the Company, being brother of Mr. Ambar Kulkarni and their other relatives, may be deemed to be concerned or interested, in this Resolution to the extent of their shareholding.

Save and except, Mr. Nihal Kulkarni and his relatives, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the members.

ITEM NO. 8 OF THE NOTICE:

The Board of Directors of the Company, pursuant to the provisions of Section 161 (1) of the Act and the Articles of Association of the Company, appointed Mr. Sunil Shah Singh (holding DIN 00233918), as an Additional Independent Director of the Company with effect from 19 October 2016.

In terms of the provisions of Section 161 (1) of the Act, Mr. Sunil Shah Singh would hold office up to the date of this Annual General Meeting. He is also proposed to be appointed as an Independent Director for a term of five (5) consecutive years with effect from 19 October 2016 up to 18 October 2021, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

The Company has received a notice in writing from a member along with a deposit of the requisite amount under Section 160 of the Act, proposing the candidature of Mr. Sunil Shah Singh for the office of Director of the Company.

Mr. Sunil Shah Singh (aged 70 years) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act, he shall not be included in the total number of directors for retirement by rotation.

The Company has received declarations from Mr. Sunil Shah Singh that he meets with the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Act and Regulation 16 (1) (b) of the Regulations.

Mr. Sunil Shah Singh did his graduation B. Tech from Indian Institute of Technology, Delhi. Mr. Sunil Shah Singh has experience in various fields such as purchase, material management, manufacturing, marketing and overall business operations. Mr. Sunil Shah Singh held many key positions like Managing Director of ITD Cementation India Limited, President of Tetra Pak processing, Country Head of Energy Work India, Board member of Mather and Platt India Limited. Mr. Sunil Shah Singh was also a member of Construction Federation of India, Construction Industry Development Council, National Institute of Construction Management and Research.

Mr. Sunil Shah Singh is a Chairman of the Audit Committee and also a member of the Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders Relationship Committee of the Company.

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Mr. Sunil Shah Singh is a Director in the following other companies:

Name of the Company	Board position held	Committee Membership
Kirloskar Pneumatic Company Limited	Director	1. Audit Committee – Chairman 2. Nomination and Remuneration Committee – Member 3. Stakeholders' Grievance Committee – Member
Kirloskar Chillers Private Limited	Director	--
Sixthman Services Private Limited	Director	–

Mr. Sunil Shah Singh is not holding any equity shares of the Company.

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

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

Copy of the draft letter for appointment of Mr. Sunil Shah Singh as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

Save and except Mr. Sunil Shah Singh and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the members.

ITEM NO. 9 OF THE NOTICE:

The Board of Directors of the Company, pursuant to the provisions of Section 161 (1) of the Act and the Articles of Association of the Company, appointed Mr. D. Sivanandhan (holding DIN 03607203), as an Additional Independent Director of the Company with effect from 11 May 2017.

In terms of the provisions of Section 161 (1) of the Act, Mr. D. Sivanandhan would hold office up to the date of this Annual General Meeting. He is also proposed to be appointed as an Independent Director for a term of five (5) consecutive years with effect from 11 May 2017 up to 10 May 2022, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. D. Sivanandhan, for the office of Director of the Company.

Mr. D. Sivanandhan (aged 66 years) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.



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Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act he shall not be included in the total number of directors for retirement by rotation.

The Company has received declarations from Mr. D. Sivanandhan that he meets with the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Act and Regulation 16 (1) (b) of the Regulations.

Mr. D. Sivanandhan is a Post Graduate in Economics and holds a Masters in Arts degree from University of Madras. Mr. D. Sivanandhan is one of the most highly regarded IPS officers in India, with an illustrious career spanning several postings during his 35 years of service. Mr. D. Sivanandhan has dedicated his life to the eradication of corruption and organised crime and is renowned for his use of strategy and intelligence to uphold the rule of law.

Mr. D. Sivanandhan retired as a DGP of Maharashtra State Police in 2011. Mr. D. Sivanandhan has held several senior positions in IB, CBI and Mumbai Crime Branch and has also served as Commissioner of Police of Nagpur, Thane city and Mumbai. Mr. D. Sivanandhan has worked with RBI as Security Advisor for the last three years.

Mr. D. Sivanandhan has been awarded the Meritorious Service Medal (1993), the President's Distinguished Service Medal (2000) and also the Internal Security Medal (1998). Most recently, Mr. D. Sivanandhan was a member of the special task force in the National Security Council Secretariat (Prime Minister's Office) for revamping India's internal and external national security measures.

Mr. D. Sivanandhan is a member of the Audit Committee of the Company.

Mr. D. Sivanandhan is now the Chairman of Securus First India Private Limited; a security consultancy company started by him and is also on the Board of following other companies:

Name of the Company	Board position held	Committee Membership
S. D. Fine Chem Limited	Director	-
Forbes & Company Limited	Director	-
Aquamall Water Solutions Limited	Director	1. Audit Committee – Member 2. Corporate Social Responsibility Committee – Chairman 3. Nomination and Remuneration Committee – Member
Eureka Forbes Limited	Director	1. Audit Committee – Chairman 2. Corporate Social Responsibility Committee – Member
RBL Bank Limited	Director	1. Audit Committee – Member 2. Anti Fraud Committee – Chairman 3. Customer Service Committee – Chairman 4. Nomination Committee – Member 5. Corporate Social Responsibility Committee – Chairman 6. IT Strategy Committee – Member
United Spirits Limited	Director	-

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Name of the Company	Board position held	Committee Membership
AGS Transact Technologies Limited	Director	1. Corporate Social Responsibility Committee – Chairman 2. Audit Committee – Member 3. Nomination and Remuneration Committee – Member 4. Risk Management Committee – Member
Indostar Capital Finance Limited	Director	-
Seventeen Events Private Limited	Director	-
ICatch Infosec Private Limited	Director	-
Catalyst Asset Reconstruction Private Limited	Additional Director	-
Securus First Digital Services Private Limited	Director	-
Securus First India Private Limited	Additional Director	-

Mr. D. Sivanandhan has also co-authored a National best seller titled "Chanakya"s seven secrets of leadership".

Mr. D. Sivanandhan is not holding any equity shares of the Company.

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

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

Copy of the draft letter for appointment of Mr. D. Sivanandhan as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

Save and except Mr. D. Sivanandhan and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the members.

ITEM NO. 10 OF THE NOTICE:

The Board of Directors of the Company, pursuant to the provisions of Section 161 (1) of the Act and the Articles of Association of the Company, appointed Mr. Vinesh Kumar Jairath (holding DIN 00391684), as an Additional Independent Director of the Company with effect from 4 July 2017.

In terms of the provisions of Section 161 (1) of the Act, Mr. Vinesh Kumar Jairath would hold office up to the date of this Annual General Meeting. He is also proposed to be appointed as an Independent Director for a term of five (5)

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consecutive years with effect from 4 July 2017 up to 3 July 2022, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. Vinesh Kumar Jairath, for the office of Director of the Company.

Mr. Vinesh Kumar Jairath (aged 58 years) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act, he shall not be included in the total number of directors for retirement by rotation.

The Company has received declarations from Mr. Vinesh Kumar Jairath that he meets with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Act and Regulation 16 (1) (b) of the Regulations.

Mr. Vinesh Kumar Jairath joined Indian Administrative Service in 1982. He is an Ex-IAS Officer. He was a Member of Indian Administrative Services. He has a Masters in Development Economics from the University of Manchester, U.K. He holds Bachelor of Arts Degree in Public Administration and Bachelor of Laws Degree, both, from the Punjab University. He had served as Joint Managing Director at Indiabulls Real Estate Limited from September 29, 2014 to October 02, 2015. He served as the Principal Secretary of Industries at Government of Maharashtra until 2008. He has over 25 years of experience in public administration, rural development, poverty alleviation, infrastructure planning and development and infrastructure financing, finance, industry, urban development, environmental management, while occupying various important positions in the Government of India and the State Government of Maharashtra.

Mr. Vinesh Kumar Jairath is the Chairman of the Nomination and Remuneration Committee and member of the Audit Committee of the Company.

Mr. Vinesh Kumar Jairath is a Director in the following other companies:

Name of the Companies	Name of the Committees	Chairman / Member
Tata Motors Limited	Audit Committee Stakeholders' Relationship Committee	Member Member
Concorde Motors (India) Limited	Audit Committee	Member
TML Distribution Limited	Audit Committee	Chairman
Meenakshi Energy Limited	Audit Committee	Member
Wockhardt Limited	Audit Committee Stakeholders' Relationship Committee	Member Member
Bombay Dyeing and Manufacturing Company Limited	Audit Committee	Member
Tata Motors and Finance Solutions Limited	Audit Committee	Chairman
Kirloskar Oil Engines Limited	-	-

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Mr. Vinesh Kumar Jairath is holding NIL equity shares of the Company.

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

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

Copy of the draft letter for appointment of Mr. Vinesh Kumar Jairath as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

Save and except Mr. Vinesh Kumar Jairath and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 10 of the Notice for approval by the members.

ITEM NO. 11 OF THE NOTICE:

The Board of Directors of the Company, pursuant to the provisions of Section 161 (1) of the Act and the Articles of Association of the Company, appointed Mr. Ashit Parekh (holding DIN 00821577), as an Additional Independent Director of the Company with effect from 4 July 2017.

In terms of the provisions of Section 161 (1) of the Act, Mr. Ashit Parekh would hold office up to the date of this Annual General Meeting. He is also proposed to be appointed as an Independent Director for a term of five (5) consecutive years with effect from 4 July 2017 up to 3 July 2022, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. Ashit Parekh, for the office of Director of the Company.

Mr. Ashit Parekh (aged 58 years) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act, he shall not be included in the total number of directors for retirement by rotation.

The Company has received declarations from Mr. Ashit Parekh that he meets with the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Act and Regulation 16 (1)(b) of the Regulations.

Mr. Ashit Parekh has over 30 years of experience in Architecture, construction and the program management industry in India and in US. He worked primarily in the Washington DC area for over 16 years on a diverse portfolio of projects.

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Mr. Ashit Parekh holds a Bachelor's Degree in Architecture, India and Master's Degree in Architecture, USA. Mr. Ashit Parekh has been responsible for the design of several leading educational, industrial, medical and corporate projects. He is no stranger to the varieties of corporate culture and has designed for global conglomerates as well as for emerging private clientele.

Due to his international exposure, he continues to keep abreast with innovation in master planning and building technologies. He has conducted several lecture series on project management, design and master planning issues organised by National Architectural Institutions. He also acts as a Visiting Professor at leading institutions.

Mr. Ashit Parekh is a member of the American Institute of Architects (AIA) and registered Architect. He is also a member of the Indian Institute of Architects (IIA), member of the Council of Architecture – New Delhi, (COA) and member of Indian Institute of Interior Designers (IIID).

Mr. Ashit Parekh is a Director in the following other companies:

Name of the Companies	Name of the Committees	Chairman / Member
Opus One Design Private Limited	Director	--

Mr. Ashit Parekh is holding NIL equity shares of the Company.

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

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

Copy of the draft letter for appointment of Mr. Ashit Parekh as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

Save and except Mr. Ashit Parekh and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 11 of the Notice for approval by the members.

ITEM NO. 12 OF THE NOTICE:

Human resource is the key resource for the continuous growth and development of a company. The Company strongly believes that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the organisation.

To enable the employees, present and future, to share the wealth that they help to create for the organisation over a certain period of time, the Board of Directors in its meeting held on 4 July 2017, considered and approved "Kirloskar Industries Limited – Employee Stock Option Plan 2017" (KIL ESOP 2017) and proposed the same to the members for their approval.



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The main features of the KIL ESOP 2017 are as under:

1. Brief description of the KIL ESOP 2017:

The Company recognises and appreciates the critical role played by the employees of the Company in bringing about growth of the organisation. It strongly feels that the value created by them should be shared with them. To promote the culture of employee ownership in the Company, approval of the members is being sought for issue of stock options under the KIL ESOP 2017, to the employees of the Company.

2. Total number of options to be granted:

The total number of options granted under the KIL ESOP 2017 shall not exceed 4,85,000 (Four Lakh Eighty Five Thousand) number of options convertible into equivalent number of shares of ₹ 10 each fully paid equity share capital of the Company.

3. Identification of classes of employees entitled to participate in the KIL ESOP 2017:

Following classes of employees are entitled to participate in the KIL ESOP 2017:

- i. Permanent employees of the Company;
- ii. Any Director(s), whether whole time or otherwise, of the Company.
- iii. Such other persons, as may from time to time be allowed under applicable Laws and as may be decided by the Nomination and Remuneration Committee (the Committee).

Following persons are not entitled to participate in the KIL ESOP 2017:

- i. An employee who is a Promoter or belongs to the Promoter Group;
- ii. A Director, who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10 percent of the outstanding equity shares of the Company; and
- iii. An Independent Director within the meaning of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. Requirements of vesting and period of vesting:

Options granted shall vest so long as the employee continues to be in the employment of the Company. The Board may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting and the proportion in which options granted would vest (subject to the maximum vesting period as specified below).

The options have a minimum vesting period of one year from the date of grant. The exact proportion in which and the exact period over which the options would vest would be determined by the Board.

5. Maximum period within which options shall be vested:

Options granted on any date shall vest not later than a maximum of three (3) years from the date of grant of options as may be determined by the Committee.



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6. Exercise price or pricing formula:

The options will be granted at a discount of up to a maximum of 40% as decided by the Committee, to the latest available closing price, prior to the date of the meeting of the Committee, in which options are granted on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

7. Exercise period and the process of exercise:

The exercise period would commence from the date of vesting of options and will expire not later than one year from the date of vesting.

The vested options will be exercisable by the employees by a written application to the Company to exercise the options in such manner and on such format and in such numbers, as may be prescribed by the Committee from time to time. The options will lapse, if not exercised within the specified exercise period.

8. Appraisal process for determining the eligibility of the employees under the KIL ESOP 2017:

The appraisal process for determining the eligibility of the employee shall be decided from time to time by the Board. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, criticality of the role, designation, future potential of the employee and / or such other criteria that may be determined by the Board at its sole discretion.

9. Maximum number of options to be issued per employee and in aggregate:

The total number of options that may be granted to any specific employee under the KIL ESOP 2017, in any financial year shall not exceed 1% of the paid up capital at the time of grant and in aggregate under the KIL ESOP 2017 shall not exceed 4,85,000 (Four Lakhs Eighty Five Thousand) equity shares.

10. Maximum quantum of benefits to be provided per employee under the KIL ESOP 2017:

The maximum quantum of benefits underlying the options issued to an eligible employee shall depend upon the market price of the shares as on the date of exercise of options.

11. Implementation or administration of the KIL ESOP 2017:

The KIL ESOP 2017 shall be implemented and administered directly by the Company without forming or involving any trust.

12. Source of acquisition of shares under the KIL ESOP 2017:

The KIL ESOP 2017 involves issue of new shares against exercise of options. There is no involvement of trust and therefore, there will not be any secondary acquisition.

13. Amount of loan to be provided for implementation of the KIL ESOP 2017 by the Company to the trust, its tenure, utilisation, repayment terms, etc.:

The KIL ESOP 2017 is to be implemented and administered directly by the Company without forming or involving any Trust. Therefore, provision of any loan to a Trust under the KIL ESOP 2017, does not arise.

E-mail : investorrelations@kirloskar.com

Registered Office : 13/A, Karve Road, Kothrud, Pune - 411 038. (India)

Tel. No. : +91 (0)20 - 2545 2721 Telefax : +91 (0)20 - 2545 4723 Website : www.kil.net.in

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14. Maximum percentage of secondary acquisition:

The KIL ESOP 2017 is to be implemented and administered directly by the Company without forming or involving any Trust. Therefore, the KIL ESOP 2017, does not envisage any secondary acquisition.

15. Accounting and Disclosure Policies:

The Company shall comply with the disclosure and the accounting policies prescribed as per the Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, (SEBI SBEB Regulations) and those issued by the Institute of Chartered Accountants of India.

16. Method of option valuation:

The Company shall adopt 'fair value method' for valuation of Options as prescribed under the laws / regulations applicable to accounting and disclosure, including but not limited to the IND AS / Guidance Note or under any relevant accounting standard notified by appropriate authorities from time to time.

A copy of the KIL ESOP 2017 is available for inspection by members at the Registered Office of the Company.

Consent of the members is being sought pursuant to Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution, except to the extent of their entitlements, if any, under the KIL ESOP 2017 and to the extent of their shareholding, if any.

The Board recommends the Special Resolution 12 of the Notice for the approval of the Members.

By Order of the Board of Directors

A.V.Mali

Place: Pune
Date: 4 July 2017

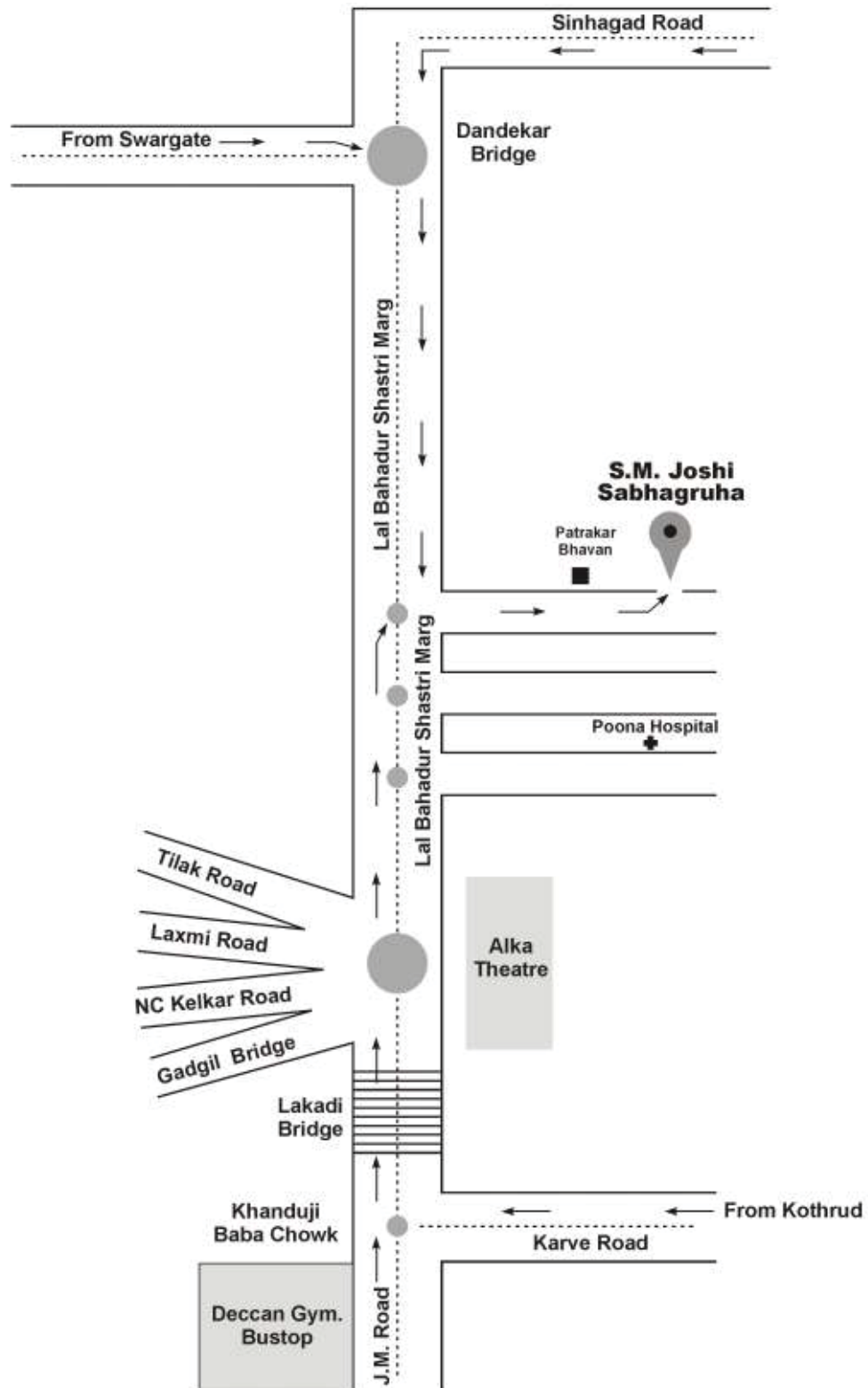
Ashwini Mali
Company Secretary



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