



# KIRLOSKAR FERROUS INDUSTRIES LIMITED

A Kirloskar Group Company

Enriching Lives

## FORM A

(Pursuant to Clause 31 of the listing agreement)

1	Name of the Company	Kirloskar Ferrous Industries Limited (Scrip code 500245)
2	Annual Financial Statements for the year ended	31st March, 2015
3	Type of Audit observation	Unqualified
4	Frequency of Observation	The Auditor has issued unqualified Audit Report since 1st financial year of the Company i.e. for the period ended 31st March, 1992.

For Kirloskar Ferrous Industries Limited

R. V. Gumaste  
Managing Director

For M/s. P. G. Bhagwat  
Chartered Accountants  
Firm Registration No. 101118W

S. B. Pagad  
Partner  
Membership No. 206124



For Kirloskar Ferrous Industries Limited

R. S. Srivatsan  
Chief Financial Officer

Pune : 28th April, 2015

For Kirloskar Ferrous Industries Limited

S. N. Inamdar  
Chairman of Audit Committee



Pune : 28th April, 2015





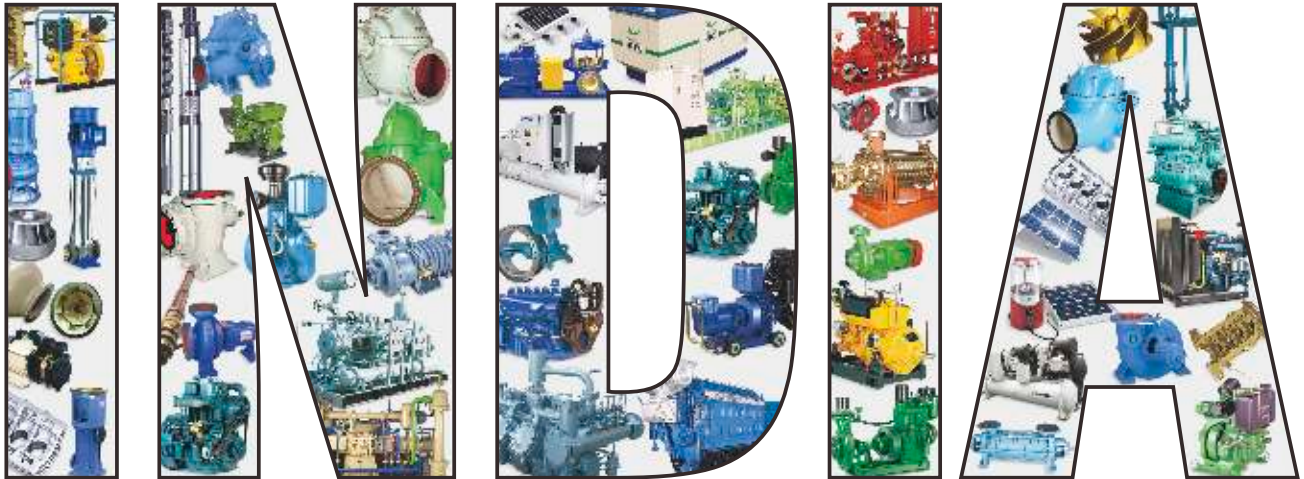
**KIRLOSKAR FERROUS INDUSTRIES LIMITED**

A Kirloskar Group Company

24<sup>th</sup> ANNUAL REPORT 2014 - 2015

Enriching Lives

MAKING IN



SINCE 1910

It has always been a matter of great pride for us to be able to serve the world relentlessly through critical engineering solutions - made right here in India, since 1910. And with the 'Make in India' programme gaining momentum, there is greater emphasis on reforms, new initiatives and best-in-class manufacturing infrastructure.

With the winds of change blowing in India's favour, there's never been a better time for us to put it in the league of global champions. With innovative, indigenous offerings, we will ensure that the world continues to look at India with awe and admiration.



## Your company is poised to make India proud by:

- Supporting domestic OEMs in their growth by increasing capacity through state-of-the-art manufacturing facilities and developing new products with the help of latest technologies and extensive R&D.
- Supplying castings to global players in the commercial vehicle segment and partnering with them to ramp up their volumes and ensure compliance with Euro VI norms.
- Utilising the flue gases from blast furnaces to generate captive power and ensure that the pig iron business is indeed 'green'.
- Creating employment opportunities for nearly 5,000 people (skilled and semiskilled) directly and indirectly.
- Contributing towards the upliftment of society through CSR initiatives in the field of education, health & hygiene, women empowerment and environment protection.

24th ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2015

**BOARD OF DIRECTORS**

Name of Director	Designation	DIN
Mr. Atul C. Kirloskar	Chairman	00007387
Mr. Rahul C. Kirloskar	Vice Chairman	00007319
Mr. R. V. Gumaste	Managing Director	00082829
Mr. A. N. Alawani	Non Independent Director	00036153
Mr. A. R. Jamenis	Independent Director	00082620
Mr. S. N. Inamdar	Independent Director	00025180
Mr. C. V. Tikekar	Independent Director	00111972
Mr. S. G. Chitnis	Independent Director	00082884
Mr. B. S. Govind	Independent Director	06912189
Mr. R. Sampath Kumar	Independent Director	06894180
Mrs. Nalini Venkatesh	Independent Director	06891397

**COMPANY SECRETARY**

Mr. C. S. Panicker

**CHIEF FINANCIAL OFFICER**

Mr. R. S. Srivatsan

**AUDITORS**

M/s P. G. Bhagwat, Chartered Accountants

**BANKERS**

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

**REGISTRAR & SHARE TRANSFER AGENTS**

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

**REGISTERED OFFICE**

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

**FACTORY**

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

**Information for shareholders**

24th Annual General Meeting	
Date	: Thursday, 30th July, 2015
Time	: 12 Noon
Venue	: Pudumjee Hall, Maharatta Chamber of Commerce Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
Dates of Book Closure	: 18th July, 2015 to 30th July, 2015 (both days inclusive)

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## KIRLOSKAR FERROUS INDUSTRIES LIMITED A DECADE AT A GLANCE

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Net sales / revenue from operations	4,827.46	5,251.32	7,264.56	6,991.39	8,069.87	10,917.58	10,896.51	11,981.09	12,321.61	13,650.92
Other income	44.52	64.37	183.47	50.87	102.27	19.81	20.84	30.75	31.10	31.10
<b>Total income</b>	<b>4,871.98</b>	<b>5,315.69</b>	<b>7,448.03</b>	<b>7,042.26</b>	<b>8,172.14</b>	<b>10,937.39</b>	<b>10,917.35</b>	<b>12,006.00</b>	<b>12,352.36</b>	<b>13,682.02</b>
Raw material and stores consumed	3,690.58	3,618.46	5,301.91	5,254.59	5,790.99	8,548.17	8,103.05	8,646.38	9,209.08	9,702.97
Employees remuneration and benefits	134.46	182.44	296.85	306.52	327.72	330.56	427.73	495.63	651.93	651.93
Other expenses	459.60	639.99	921.82	930.76	1,030.56	1,028.14	1,433.28	1,739.84	1,500.88	1,806.50
<b>Total expenses</b>	<b>4,284.64</b>	<b>4,440.89</b>	<b>6,520.58</b>	<b>6,491.87</b>	<b>7,149.27</b>	<b>9,906.87</b>	<b>9,964.06</b>	<b>10,897.98</b>	<b>11,205.59</b>	<b>12,161.40</b>
<b>Profit before interest, depreciation and amortisation</b>	<b>587.34</b>	<b>874.80</b>	<b>927.45</b>	<b>550.39</b>	<b>1,022.87</b>	<b>1,030.52</b>	<b>953.29</b>	<b>1,108.02</b>	<b>1,146.77</b>	<b>1,520.63</b>
(% to Total income)	12.06	16.46	12.45	7.82	12.52	9.42	8.73	9.23	9.28	11.11
Interest / finance cost	69.94	83.90	117.27	117.27	60.59	41.45	104.70	151.80	229.05	297.99
Depreciation and amortisation	119.81	139.88	185.42	230.40	259.65	270.44	291.99	332.03	337.86	504.19
Profit/(Loss) before Tax	397.59	665.60	658.13	202.72	702.63	718.63	566.61	624.19	579.86	718.45
(% to Total income)	8.16	12.52	8.84	2.88	8.60	6.57	5.10	5.20	4.69	5.25
Tax provisions	136.78	220.97	167.81	123.23	211.95	235.34	185.81	233.33	181.49	225.68
<b>Net Profit/(Loss) after Tax</b>	<b>260.81</b>	<b>444.63</b>	<b>490.32</b>	<b>79.49</b>	<b>490.68</b>	<b>483.29</b>	<b>370.80</b>	<b>390.86</b>	<b>398.37</b>	<b>492.77</b>
(% to Total income)	5.35	8.36	6.58	1.13	6.00	4.42	3.40	3.26	3.23	3.60
<b>Share capital</b>										
Equity share capital	361.11	685.02	685.02	686.47	686.49	686.54	686.54	686.54	686.54	686.54
Preference share capital	1,046.86	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,407.97</b>	<b>685.02</b>	<b>685.02</b>	<b>686.47</b>	<b>686.49</b>	<b>686.54</b>	<b>686.54</b>	<b>686.54</b>	<b>686.54</b>	<b>686.54</b>
<b>Reserves</b>										
Securities premium	-	1,929.29	1,929.29	1,937.97	1,938.06	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38
General reserves	-	-	50.00	50.00	100.00	150.00	200.00	250.00	300.00	350.00
Profit and Loss account	(379.11)	17.04	337.14	298.58	540.91	815.65	976.86	1,191.86	1,339.44	1,575.42
<b>Total</b>	<b>(379.11)</b>	<b>1,946.33</b>	<b>2,316.43</b>	<b>2,286.55</b>	<b>2,578.97</b>	<b>2,904.03</b>	<b>3,115.24</b>	<b>3,380.24</b>	<b>3,577.82</b>	<b>3,863.80</b>
Deferred tax (assets) / liability	(82.35)	100.91	228.95	315.01	319.11	379.68	420.55	514.75	641.76	730.59
Long term loans	323.56	201.08	39.43	188.57	62.85	-	-	804.62	602.31	100.00
Net fixed assets including CWIP	1,247.06	1,725.42	2,464.09	3,288.68	3,382.73	3,590.97	3,851.77	4,881.68	5,691.13	5,731.09
Net current assets other than cash and bank #	(60.42)	102.47	371.53	61.19	98.39	67.74	50.49	(17.20)	(413.25)	(584.12)
Cash and bank balance	83.43	1,105.45	434.29	126.75	166.60	184.02	136.15	145.81	115.24	101.05
Non current assets						127.52	183.92	375.87	115.31	132.91
<b>Capital employed</b>	<b>1,270.07</b>	<b>**2,056.81</b>	<b>3,269.91</b>	<b>3,476.62</b>	<b>3,647.72</b>	<b>3,970.25</b>	<b>4,222.34</b>	<b>5,386.16</b>	<b>5,508.43</b>	<b>5,380.94</b>
Net worth *	1,028.86	** 1,459.16	3,001.45	2,973.02	3,265.46	3,590.57	3,801.78	4,066.78	4,264.36	4,550.34
Capital employed *	1,270.07	2,056.81	3,269.91	3,476.62	3,647.72	3,970.25	4,222.34	5,386.16	5,508.43	5,380.94
Return on capital employed %	36.81	35.73	22.69	9.20	20.92	19.14	15.66	14.41	14.68	18.89
Return on networth %	25.35	30.47	16.34	2.67	15.03	13.46	9.75	9.61	9.34	10.83
No. of equity shares	72,222,400	137,005,165	137,005,165	137,294,479	137,297,303	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081
Earnings per share (Rs.)	2.88	5.24	3.58	0.58	3.57	3.52	2.70	2.85	2.90	3.59
Book value per share (Rs.)	(0.25)	19.21	21.91	21.65	23.78	26.15	27.69	29.62	31.06	33.14
Dividend %	-	-	15	10	20	20	20	25	25	25

Notes:

\* Net worth = Share capital + Securities premium + profit and loss (balance) + general reserves - misc. expenditure.

\*\* Net worth of 2006-07, 2007-08 has been arrived by taking both new equity shares issued on rights basis as well as preference shares redeemed during the year on pro-rata basis.

\*\*\* Capital employed for 2006-07 has been arrived by taking pro-rata basis in respect of additions on account of rights issue funds received.

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

The figures of 2006-07 include figures of castings division, Solapur plant (acquired from Kirloskar Oil Engines Limited w.e.f. 1 January 2007) for 3 months i.e from January 2007 to March 2007 and the financial year 2007-08 for 12 months as such the figures of 2007-08 are not comparable with 2006-07 or earlier years.

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

Figures as per latest annual report are aligned with the provisions of the Companies Act, 2013 and rules thereof.

Figures have been regrouped wherever necessary.

## **NOTICE**

Notice is hereby given that the 24th Annual General Meeting of the Members of Kirloskar Ferrous Industries Limited will be held on Thursday, the 30th day of July, 2015 at 12 noon at Pudumjee Hall, Maharashtra Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002 to transact the following business :

### **ORDINARY BUSINESS**

#### **Item No. 1**

To receive, consider and adopt the audited Financial Statement for the financial year ended 31st March, 2015; the reports of the Board of Directors and the Auditors thereon.

#### **Item No. 2**

To declare a dividend on equity shares for the financial year ended 31st March, 2015.

#### **Item No. 3**

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

#### **Item No. 4**

To appoint M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration No. 101118W) as the Statutory Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

### **SPECIAL BUSINESS**

#### **Item No. 5**

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

**“RESOLVED THAT,** pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and rules thereof (including any statutory modification(s) or reenactment thereof for the time being force), the remuneration of ₹ 250,000 (Rupees Two Lac and Fifty Thousand only) plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual basis to be paid to M/s. Parkhi Limaye and Co, Cost Accountants appointed as Cost Auditors for the conduct of the cost audit of the Company for the financial year ending 31st March, 2016, as recommended by the Board of Directors, be and is hereby ratified.”

By order of the Board of Directors

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

  
C. S. Panicker  
Company Secretary

Pune : 28th April, 2015

## NOTES :

- i) The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 18th July, 2015 to Thursday, 30th July, 2015 (both days inclusive).
- ii) A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

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

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

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

- iii) The dividend, if declared at the Annual General Meeting, will be paid to those members :
  - a) whose names appear as Beneficial Owners as at the end of the business hours on 17th July, 2015 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of equity shares held in electronic form; and
  - b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before 17th July, 2015.
- iv) Members, who hold shares in physical form, are requested to advise the Company immediately of any change in their addresses.
- v) Members, who hold shares in electronic form, are requested to intimate details regarding change of address, etc. to the Depository Participants, where they have their Demat accounts.
- vi) Members may avail of the facility of dematerialisation by opening Demat accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get equity share certificates held by them dematerialised.
- vii) Members, who hold shares in electronic form, are requested to bring their Client Id and DP Id for easy identification.
- viii) Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialized at the earliest.
- ix) In case members wish to ask for any information about accounts or operations of the Company, they are requested to send their queries in writing at least 7 days before the date of the meeting, so that the information can be made available at the time of the meeting.
- x) Members / proxies are requested to bring their attendance slip duly filled in.
- xi) Members are requested to bring their copy of the Annual Report for the meeting.

- xii) Members having multiple folios are requested to intimate to the Company such folios to enable the Company to consolidate all shareholdings into one folio.
- xiii) Green Initiative in the Corporate Governance - Registration of email address

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

### **Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time and Clause 35B of the Equity Listing Agreement, 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 24th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

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

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

The remote e-voting period commences on 27th July, 2015 (9:00 am) and ends on 29th July, 2015 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 23rd July, 2015 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.

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/Depository Participants] :
  - (i) Open email and open PDF file viz; "Kirloskar Ferrous 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.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder – Login
  - (iv) If you are already registered with NSDL for e-voting, then you can use your existing user ID and password.
  - (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
  - (vi) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.

- (vii) Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
  - (viii) Select “EVEN” (E-Voting Event Number) of Kirloskar Ferrous Industries Limited. Now you are ready for 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 the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
  - (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 authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [mjrpcs@gmail.com](mailto:mjrpcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided on the covering letter :  
  
EVEN (E-voting Event Number)  
  
USER ID  
  
PASSWORD
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

#### **General Instructions for e-voting :**

- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- 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.
- You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd July, 2015.
- Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd July, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [rajivr@nsdl.co.in](mailto:rajivr@nsdl.co.in) However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

- A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only, shall be entitled to avail the facility of remote e-voting or voting at the AGM through polling paper.
- Mr. M. J. Risbud, Practicing Company Secretary (Membership No. FCS 810 and CP No. 185) has been appointed as the Scrutinizer to scrutinise the voting and remote e-voting process in a fair and transparent manner.
- The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of polling paper for all those members, who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.kfil.com](http://www.kfil.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

**STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013  
AND CLAUSE 49 OF THE LISTING AGREEMENT**

**Item No. 3 of the Notice**

**Mr. Anil N. Alawani**

Mr. Anil Narayan Alawani, aged 69 years, is a Chartered Accountant by profession and has been associated with the Kirloskar Group of Companies since 1977. Prior to his appointment as a Director in the Company, he was Director (Finance) of Kirloskar Oil Engines Limited. Besides his core area of finance and taxation, he has experience in import-export and labour matters. His abilities in corporate tax planning and finance have helped the Company immensely, in financial restructuring and tax benefits.

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

He is a Member of the Audit Committee, the Stakeholders Relationship Committee, the Nomination and Remuneration Committee, the Rights Issue and Allotment Committee, the Compensation Committee and the Capex Planning Committee.

**Other Directorships**

Kirloskar Brothers Investments Limited	Kirloskar Industries Limited
Pneumatic Holdings Limited	Kothrud Power Equipment Limited
Kirloskar Integrated Technologies Private Limited	

**Other Committee Positions**

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

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

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

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

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

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

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

**Item No. 5 of the Notice**

The Board of Directors at its meeting held on 28th April, 2015 has appointed M/s. Parkhi Limaye and Co, Cost Accountants as the Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year ending 31st March, 2016 and fixed the remuneration of ₹ 250,000 (Rupees Two Lac and Fifty Thousand only) plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual, subject to the ratification of the members at the Annual General Meeting.

Pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 the remuneration of Cost Auditor shall be recommended by the Audit Committee, approved by the Board of Directors and ratified subsequently by the members. Accordingly, it is proposed to obtain the consent of the members to ratify the remuneration and the reimbursement of expenses at actual to the Cost Auditors for the financial year ending 31st March, 2016.

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

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

By order of the Board of Directors

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



C. S. Panicker  
Company Secretary

Pune : 28th April, 2015

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting 24th Annual Report together with the Audited Annual Accounts for the year ended 31st March, 2015.

### I. FINANCIAL PERFORMANCE

The financial results of the Company for the financial year 2014-15 as compared with the previous year are as follows -

	(Amount in ₹)	
	2014 - 2015	2013 - 2014
Total Revenue	<b>13,682,020,676</b>	12,352,360,181
Profit before tax	<b>718,445,295</b>	579,866,258
Tax Expenses	<b>225,681,433</b>	181,489,308
Profit for the year	<b>492,763,862</b>	398,376,950
Balance of Profit brought forward from previous year	<b>1,339,436,682</b>	1,191,864,220
Profit available for appropriation	<b>1,832,200,544</b>	1,590,241,170

### APPROPRIATIONS

Your Directors propose to appropriate the Profit as under :

Proposed Dividend	<b>171,635,102</b>	171,635,102
Tax on above Dividend	<b>35,141,721</b>	29,169,386
Transfer to General Reserve	<b>50,000,000</b>	50,000,000
Balance carried to Surplus in Statement of Profit and Loss	<b>1,575,423,721</b>	1,339,436,682

### DIVIDEND

Your Directors have recommended a dividend of 25 percent (₹ 1.25 per equity share).

### II. MANAGEMENT DISCUSSION AND ANALYSIS

#### A. Economy and Industry Overview

##### Global Economy:

The global economical growth at 2.6 percent for the year 2014 was at its lowest since 2009.

The financial year 2014-15 witnessed certain developments namely the rapid decline in oil prices, quick adjustments in exchange rates (with the US dollar appreciating and other currencies notably the euro weakening), and the new quantitative easing program of the ECB these being just a few examples of the economic factors at play. In addition, there is an increased geopolitical uncertainty related to the Russia-Ukraine and Middle East conflicts, as well as increased concern about the economic and political future of the Euro Area and European Union.

China continues its "soft fall" growth as already limited government stimuli having less effect despite recent monetary easing. Other major emerging markets will continue to grow, but their pace will vary depending on the net impact of declining oil prices and exchange rate depreciations, as well as progress of their own reform agendas. New geographies for growth, such as Africa and parts of Asia, offer opportunities to build sustainable growth models but they also bring challenges on economic, legal, and institutional fronts.

Hopes of a recovery in the US have gathered steam, especially after the economy added 295,000 jobs in February 2015, and that country's unemployment rate fell to 5.5 percent, the lowest in the post-recession period. A full-blown economic recovery in the US, however, remains elusive. The US economy grew 2.4 percent in 2014, marginally up against 2.2 percent in the previous year.

### **Indian Economy:**

India is set to become the world's fastest growing major economy by 2016. GDP growth if pegged at 7.4 percent for FY 2014-2015 is up from 6.9 percent in FY 2013-2014 .

India now measures GDP by market prices instead of factor costs, to take into account gross value addition in goods and services as well as indirect taxes. The base year has been shifted to FY 2011-12 from FY 2004-05 earlier.

According to the International Monetary Fund, India is expected to grow 7.5 percent in FY 2015-2016.

The total trade deficit for 2014-2015 increased to \$ 137.01 billion from \$ 135.8 billion in 2013-2014.

Two major events impacted Rupee movement during the year 2014. During the first quarter of the year, Federal Open Market Committee effectively ended the quantitative expansion, while also assuring that easy money policy would continue till at least another year. The fear of shrinking dollar flows had a sobering effect on Indian economy, briefly pulling down the exchange rate. However by mid-May, the prospects of a stable Government in India, following the conclusion of general elections lifted the business sentiment, and also helped instill confidence in the foreign investors.

During April 2014 to January 2015, the foreign inflows have grown by 36 percent, year-on-year, to \$ 25.52 billion against \$ 18.74 billion during the same period a year ago.

Foreign portfolio flows have stabilised the Rupee, exerting downward pressure on long-term interest rates which is reflected in yields on 10-year Government securities and surge in equity prices.

Foreign Exchange Reserves in India increased to \$ 341.38 billion on 27th March, 2015.

USD INR rate is influenced by multiple factors, most important being the index indicating the strength of USD, FII inflows and domestic macroeconomic factors, largely represented by GDP growth and inflation.

The Rupee which was ₹ 59.90 to USD at the beginning of financial year ended with ₹ 62.50 depreciating by 4.5 percent.

During the fiscal 2014-15, Sensex has gone up by 5,571 points i.e. an increase of 24.88 percent from a level of 22,386.27 at beginning of the year to 27,957.49 on 31st March, 2015. The Sensex had touched an all-time high of 30,024.74 on 4th March, 2015.

### **Monetary Policy :**

Reserve Bank of India (RBI) delivered two successive rate cuts in January 2015 and March 2015 aggregating to 0.50 percent during the calendar year 2015 taking repo rate down to 7.50 percent as inflation eased. However, commercial banks did not reduce the lending rate during the year under review.

Over the year 2014, oil prices have steadily fallen from \$ 110 bbl to below \$ 50 bbl, with a positive impact on India's balance of payments. The reduction in the cost of oil imports and the restrictions placed on gold imports helped a gradual fall in inflation levels. RBI with its conservative monetary policy also contributed to taming the inflation. Consumer price index has fallen from 8.8 percent in January 2014 to 4.5 percent and W P I from 5.1 percent to zero level as at end-November 2014. Overall the receding inflation levels contributed to relative stability of Rupee exchange rate.

### **Steel Industry :**

In 2014, the world crude steel production reached 1,661.5 Million Tonnes (MT) and showed a growth of 1.2 percent over 2013.

China remained the world's largest crude steel producer in 2014 (823 MT) followed by Japan (110.7 MT), the USA (88.3 MT) and India (83.2 MT) at the 4th position.

India is expected to become the world's second largest producer of crude steel in FY 2015-16, moving up from the fourth position.

With infrastructure development and automotive industry driving steel demand, production is expected to hit 140 MT by the end of 2016.

### **Iron ore :**

The Supreme Court (SC) appointed Central Empowered Committee (CEC) has recommended grant of approval to the Karnataka Government's proposed scheme of e-auction and re-allotment of 51 cancelled mines in 'Category C' in three districts — Bellary, Chitradurga and Tumkur — of the state. In its report, the panel has also recommended to the apex court that the existing statutory approvals/clearance may also be transferred in favour of the new lessees and a direction should be given to the authorities concerned to take expeditious action for the grant of statutory approvals like environmental clearances and Temporary Working Permission under the Forest (Conservation) Act, 1980.

Pursuant to the apex court order of April 2013, around 51 C-Category mining leases were cancelled and are now being allotted to the highest bidders from among end-users.

For the best competitive bids, the SC-appointed panel has recommended that all end users, including state-owned pellet manufacturing units like KIOCL, should be eligible to participate in the e-auction.

The Karnataka Government had asked the Apex Court to give its approval to conduct auction for six mines for the 'C' category in the first phase and another nine mines in the second phase as the assessment of ore left in the nine mines was yet to be ascertained. The reports of M/s MECL in respect of six mining leases have already been received; the reports for the balance nine mining leases are expected shortly.

The Central Empowered Committee (CEC) has stipulated the ore produced be used only for captive use. A consortium of two or more end-users may be formed for making applications.

According to the CEC, the successful bidder should be asked to pay every month an amount equal to the sum total of the quantities of iron ore of each grade of fines/lumps produced multiplied by the IBM published average price of the corresponding grade multiplied by the quoted percentage price (premium amount).

It further stated that the lessees will have to pay the royalty, forest development tax, VAT and other applicable taxes, cess, etc (such as contribution to the National Mineral Exploration Trust) at the prescribed rates. The successful bidders will be required to deposit interest free security deposit equivalent to the premium amount payable for two years of approved permissible production— 50 percent by cheque / draft and the balance in the form of bank guarantee.

The auctioning of mines is likely to benefit end users who are not having captive iron ore mines and depend on e-auction of iron ore for their raw material requirements.

The Apex Court has capped the production of iron ore at 30 Million Tonnes per annum in the state of Karnataka as against the steel industry's annual requirement of 35-50 Million Tonnes. Till now, only 23 mines have started production with a combined production of 10 Million Tonnes per annum. Besides, NMDC Limited is producing another 9 Million Tonnes per annum.

The new mining act has been passed by both the houses of the Parliament.

### **Coke :**

In the case of metallurgical coke, unrestricted imports from China (after the removal of export duty and quota restrictions), has helped manufacturers to import coke for their manufacturing operations at competitive prices.

Coking coal prices and coke prices came down marginally in the year under review.

### **Auto Industry :**

The car sales ended in positive territory during FY 2014-15 after two consecutive years of decline basically fuelled by excise duty cuts (till December), new launches, reduced fuel prices and high levels of discounting. Passenger car sales recorded a growth of 4.9 percent from 1.78 Million units in FY 2013-14 to 1.87 Million units in FY 2014-15.

In the commercial vehicle segment, sales of medium and heavy commercial vehicles grew by 16.02 percent from 2.00 Million units in FY 2013-14 to 2.32 Million units in FY 2014-15 on the back of pent-up demand, anticipated increase in infrastructure spending, replacement of ageing inefficient fleet and recently lifted mining bans; however sales of light commercial vehicles showed a decline of 11.57 percent over the preceding year.

The car companies have announced a price hike owing to higher inputs costs. The prices of cars will go up, with expected regulations on having mandatory safety gears in all cars.

### **Auto Industry outlook:**

A major thrust on infrastructure spending and road development augurs well for automotive industry, especially M&HCV and earth-mover industry as well as their suppliers.

The privatisation of ports, setting up of ultra mega power projects and increased allocation to roads and highway sector will definitely spur demand for commercial vehicles.

The industry is gearing up for a new start with a slew of next generation vehicles expected to rev up optimism and increase sales. The year 2015 can witness important launches and exploring newer territories by entering new segments.

Auto companies are already gearing up to enhance their capacities in anticipation of positive market conditions. Further expected decline in interest rates and fall in fuel prices, will drive the growth for the industry.

The outlook for current fiscal looks bright with passenger vehicles clocking a growth of 5 to 8 percent building on the momentum of low interest rates, fuel prices and new launches.

The M&HCV (Truck) segment is likely to register a growth of 12 to 14 percent in FY 2015-16 driven by continuing trend towards replacement of ageing fleet and expectations of pick-up in demand from infrastructure and industrial sectors in view of reforms being initiated by the Government.

Unlike M&HCVs, it is expected that the LCV segment will grow at modest pace (i.e. 4 to 6 percent) in FY 2015-16 as segment's prospects continue to be influenced by overcapacity issues and constrained financing environment amidst rising delinquencies.

### **Tractor industry:**

The tractor industry has shown a sale of around 0.55 Million units during FY 2014-15 showing a decline of 13 percent.

Sharp contraction in domestic tractor sales during the five months i.e. October 2014 to February 2015 lead to a decline of 11.6 percent during 11 months of FY 2014-15. Decline in crop output, lower yields and weakening crop prices during FY 2014-15 have negatively impacted farm sentiments with dip in farm incomes.

In addition to the above factors, production cuts and the inventory correction in the channel undertaken by key players have also contributed to sharper decline in sales volumes. However, export demand remains robust on back of growing demand from U.S, near-by markets- especially Sri Lanka, Bangladesh and parts of Africa, albeit on a small base.

#### **Tractor industry Outlook:**

The tractor industry is expected to grow at around 7 percent during the FY 2015-16. It is expected that tractor industry will grow at a pace of CAGR of 2.3 percent upto 2019.

Prediction on normal rain fall and increased expenditure in infrastructure for the year 2015, may boost the tractor sales.

#### **Crude oil prices:**

After touching the prices below USD 50 per barrel, the prices have recovered to USD 55 per barrel. The increase in prices of crude oil may not be a good news for India, as it may fuel the inflation. The International Energy Agency (IEA) has also predicted a recovery in global oil prices.

### **B. Company Performance**

Your Company achieved net sales of ₹13,650 Million (previous year ₹ 12,321 Million). Sales value has shown a growth of 10.78 percent.

In terms of volume growth in sales, Pig Iron sales has increased by 15.35 percent, while Castings sales decreased by 5.19 percent compared to previous year.

The profit before tax for the year under review stood at ₹ 718.44 Million as compared to ₹ 579.86 Million of the previous year after providing for depreciation and amortisation.

### **C. Operational Performance**

Your Company sold 318,023 MT of pig iron valued at ₹ 8,436.59 Million during FY 2014-15 as compared to 275,692 MT of pig iron valued at ₹ 7,173.87 Million in the previous year.

Both the Mini-blast furnaces were operational throughout the year other than stoppage for Robo-gunning of one of the furnace for a week. Sinter plant was also operational throughout the year which enabled the Company to reduce the operational costs. Your Company was able to sell the pig iron produced maintaining the sales realization.

The slowdown in tractor industry has impacted the demand for castings. However, your Company managed to maintain sales.

Your Company sold 57,257 MT castings aggregating to ₹ 4,744.56 Million during FY 2014-15 as compared to 60,396 MT castings aggregating to ₹ 4,600.37 Million in the previous year.

Your Company was able to source the iron ore at reasonable prices by strategically sourcing through e-auction and beneficiated iron ore.

Coke prices at the beginning of the year was at US\$ 246 per MT and the prices have come down to a level of US\$ 189 per MT by the end of the year. Although Rupee did not depreciate substantially yet the premium paid for hedging the risk was on higher side thereby resulting in higher input cost. Hence the benefit of coke price reduction did not materialise.

Your Company faced a challenging task of managing both the production and the cost of production in these adverse conditions and took appropriate and timely decisions to ensure uninterrupted production and also ensured that the cost of production was also kept reasonably under control.

Your Company is productionising castings for the Euro VI series engine block and heads and is stabilizing the process to get stability in quality and delivery.

#### **D. Cost Control**

Your Company adopted following measures to reduce cost:

- increased use of sinters to reduce operational cost.
- iron ore and coke procurement strategies.
- improvement projects through Kaizens to bring cost reductions.
- Improved operational efficiencies and cost control measures at both Koppal and Solapur Plant.

#### **E. Concerns and Threats**

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

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

#### **F. Prospects for the Current Year**

As per the Mines Act, only end users for their captive use only can participate in the e-auction for iron ore mines. Your Company being the manufacturer of pig iron and grey iron castings is eligible to participate in the e-auctioning of iron ore mines. Your Company will participate in the e-auction to get suitable iron ore mine for its captive use.

Demand for pig iron is expected to remain stable considering the growth projections by auto sector and tractor sector.

Productionisation of castings on the new moulding line is in progress and can bring increase in volume of casting production progressively.

#### **Cautionary Statement**

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

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

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

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

#### **H. Safety, Health and Environment**

Your Company believes in "Safety First" and is committed to provide "Safe Workplace" by addressing safety, health and environment related issues. Employees are regularly trained to update their awareness and skills. New employees are being given intensive safety induction training. All the statutory requirements related to safety, health and environment are being complied with. As a proactive approach, the periodical safety audit is being conducted to identify unsafe conditions and take proper safety measures. Near miss accidents are recorded and investigated to prevent their occurrence. During the year under review, 15 safety coordinators have been appointed and they are involving themselves in ensuring 100 percent PPE usage, reporting unsafe conditions and near misses in shop floor.

Your Company is having an “Occupational Health Centre” with a full-time Doctor and qualified nurses. The pre-employment medical check-up of the employees is being conducted and also thereafter during the continuance of the employment. The Company is having well equipped ambulance which is available at all times.

Your Company is certified for Quality Management Systems under ISO TS 16949:2009, Environmental Management System under ISO 14001:2004 and also certified for Occupational Health and Safety Assessment Series (OHSAS 18001:2007) by Indian Register Quality Systems (IRQS).

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

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

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

Under ISO:14001 and OHSAS:18001, the following management programs have been taken-up and completed during FY 2014-15 at its plant at Koppal.

1. Erected Porous fence (mesh) of 42 meters length and of 12 meters height in the north boundary to prevent the fugitive dust emission going out to nearby settlement taking total length to 210 meters.
2. Construction of around 700 meters of concrete roads inside plant premises to prevent dust emission due to vehicular movement; till date total of 1,500 meters concrete road has been provided.
3. Installation of Fume Extraction System (FES) in MBF 1 and 2 to control emission of Kish Graphite during hot metal tapping and pouring activities.
4. Installation of two Continuous Stack Emission Monitoring Systems for Sinter Plant ESP and bag filter stacks for effective monitoring.
5. Provision of additional three Jet type fixed sprinklers in raw material yard 1 to suppress dust emission during material handling.
6. Plantation of around 8,000 Tree Saplings in and around the plant premises to increase the green belt taking the total tally to around 138,000.

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

Your Company has taken following measures as a part of its corporate responsibility to the society. The Company focuses on rural education, health and hygiene to serve the society in the local vicinity of the plant. Major activities undertaken during the year are as follows:

##### Rural Education:

- Provided bags and note books to the students of Government Higher Primary Schools of Bevinahalli, Lingadalli and Guddadalli villages.
- Constructed Ranga Mandira at Government Higher Primary School Bevinahalli.
- Steel plates donated to Bevinahalli school children for mid – day meals.
- Provided benches (desk) to Evergreen School Kukumpalli.
- Financial assistance to Annadaneshwara Education Trust for construction of college building.

##### Rural Health and Hygiene:

- Implementing Kirloskar WaSH initiatives at Koppal and Solapur for two Schools (clean and Beautiful School) each.
- Financial assistance to Srinivas Ram Morarka School Hitnal for construction of toilet block.
- Conducted Health Camp for Bevinahalli School children.

- Organised Pulse Polio program in co-ordination with Health Department Koppal at Bevinahalli.
- Visit of specialist doctors to Bevinahalli village once in a week and Company medical officer twice in a week including medicine expenses.
- Renovation of toilet blocks of Bevinahalli Higher Primary School.

Community Development:

- Construction of concrete road at Bevinahalli village in various areas.
- Reconstruction of Hontamma temple at Lingadalli village (1st phase).
- Organized SWACHA BHARTH abhiyana at Bevinahalli village in co-ordination with Gram Panchayat, Hitnal.
- To create environmental awareness amongst the people and school children, 4 days "Vasundhara Film Festival" was organized in Koppal, Hospet and Solapur.

Under Kirloskar Vasudhara Club "Plastic Free Hosapete" JATHA was organised.

**J. Human Resource**

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

The Company has taken-up the following initiatives:

- As a part of identifying future leaders, the Company through selection process selects young professionals for the Company level "Fast Trackers" scheme. The identified Fast Trackers shall be given intensive training through internal and external faculty, to help them to acquire required skills for taking up new role in the Company.
- In order to upgrade the skills on continuous basis necessary training programmes i.e., technical and soft skills have been organized with the help of internal as well as external experts.
- More focus is being given to "Work Life Balance" of the employees through various initiatives.
- The action plan on feedback report on Employee Engagement Survey has been chalked out. The actions will be undertaken through various initiatives which shall improve the employee engagement.
- The Talented employees are continuously recognized and are motivated through rewards and awards.
- Performance of employees is monitored through an effective Performance Management System.

As on 31st March, 2015 the total number of salaried employees stood at 1,266. The Employer-Employee relations have been generally cordial throughout the year.

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

**1. EXTRACT OF ANNUAL RETURN**

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

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

During the financial year 2014-15 seven Board Meetings were convened and held, the details of which are given in Clause 1(b) of the Corporate Governance Report.

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

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

- a) in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards had been followed and there were no material departures;
- b) accounting policies as mentioned in Note 2 of the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual financial statements have been prepared on a going concern basis;
- e) proper internal financial controls were laid down and such internal financial controls were adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws were in place and such systems were adequate and operating effectively.

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

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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

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

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

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

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

The Company has granted loans aggregating to ₹ 14,945,000 during the year ended 31st March, 2015. These primarily consist of loans to employees as per the policies of the Company and loans to suppliers in the normal course of business of the Company. The closing balances of these loans are disclosed under the schedule of Loans and advances in the financial statements. The Company has not given any guarantees or made any investments during the year, which would be covered by Section 186 of the Companies Act, 2013.

### **8. RELATED PARTY TRANSACTIONS**

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

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

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

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

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

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

There are no adverse material changes or commitments occurring after 31st March, 2015 which may affect the financial position of the Company or may require disclosure.

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

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

## **13. RISK MANAGEMENT POLICY**

The Company has a robust risk management framework comprising risk governance structure and defined risk management processes. The risk governance structure of the Company is a formal organisation structure with defined roles and responsibilities for risk management.

The processes and practices of risk management of the Company encompass risk identification, classification and evaluation. The Company identifies all strategic, operational and financial risks that the Company faces, by assessing and analysing the latest trends in risk information available internally and externally and uses the same to plan for risk mitigation activities. Accordingly, the Company had identified Government policies especially with respect to iron ore mining to be a critical risk for the Company. However, with robust risk mitigation plans, your Company was able to face the challenges well.

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

Accordingly, this year as well, the Directors have reviewed the risk management policy and processes and also the risks faced by the Company and the corresponding risk mitigation plans deployed. The Company is on track in respect of its risk mitigation activities.

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

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

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

## **15. BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees. Performance evaluation has been carried out as per the Nomination and Remuneration Policy.

## 16. CHANGE IN THE NATURE OF BUSINESS

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

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

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

### Directors appointed during the FY 2014-15

Name of Director	Note Reference	Designation	Term of	Upto
Mr. Atul C. Kirloskar	1	Director	-	-
Mr. Rahul C. Kirloskar	2	Director	-	-
Mr. S. N. Inamdar	3	Independent Director	Five consecutive years	12th August, 2019
Mr. A. R. Jamenis	3	Independent Director	Four consecutive years	12th August, 2018
Mr. S. G. Chitnis	3	Independent Director	Two consecutive years	12th August, 2016
Mr. C. V. Tikekar	3	Independent Director	One year	12th August, 2015
Mrs. Nalini Venkatesh	4	Independent Director	Five consecutive years	12th August, 2019
Mr. B. S. Govind	4	Independent Director	Five consecutive years	12th August, 2019
Mr. R. Sampath Kumar	4	Independent Director	Five consecutive years	12th August, 2019

### Notes:

1. Mr. Atul C. Kirloskar retired by rotation and was reappointed in the Annual General Meeting held on 13th August, 2014.
2. Mr. Rahul C. Kirloskar was co-opted as an Additional Director on 28th October, 2013 and was appointed in the Annual General Meeting held on 13th August, 2014.
3. These Directors were on the Board of Directors of the Company in the previous year and were reappointed as Directors to comply with the provisions relating to tenure of Independent Directors as per Section 149 of the Companies Act, 2013.
4. These Independent Directors were newly appointed as Additional Directors on 16th July, 2014 and were regularised in the Annual General Meeting held on 13th August, 2014.

### Key Managerial Personnel (KMP) appointed during the FY 2014-15

Name of KMP	Designation
Mr. R. V. Gumaste	Managing Director
Mr. R. S. Srivatsan	Chief Financial Officer
Mr. C. S. Panicker	Company Secretary

### Directors and KMP's resigned during the FY 2014-15

Mr. Sanjay C. Kirloskar resigned from the Directorship with effect from 8th April, 2014. No KMP's resigned during the year.

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

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

**19. DEPOSITS**

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

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

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

**21. INTERNAL FINANCIAL CONTROLS**

The Company has 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, 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 alongwith the Management oversees results of the internal audit and reviews implementation on a regular basis.

**22. INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Please refer Annexure 'E-1'
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Please refer Annexure 'E-2'
3	The percentage increase in the median remuneration of employees in the financial year	27.30 percent
4	The number of permanent employees on the rolls of Company	1,266
5	The explanation on the relationship between average increase in remuneration and Company performance	The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance vis-à-vis individual Key Performance Indicators ("KPIs"), industry trends, economic situation, future growth prospects etc. The Board believes that the increase is in line with industry.

Sr. No.	Information Required	Input									
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	The increase in remuneration is not solely based on company performance but also includes various other factors like individual performance vis-à-vis individual KPIs, industry trends, economic situation, future growth prospects, etc. The Board believes that the increase is in line with industry.									
7	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year	<table border="1"> <thead> <tr> <th></th><th>31/03/2015</th><th>31/03/2014</th></tr> </thead> <tbody> <tr> <td>Market Capitalisation (₹ Cr.)</td><td>725</td><td>364</td></tr> <tr> <td>PE ratio</td><td>14.71</td><td>9.12</td></tr> </tbody> </table> <p>Percentage increase in market quotations over last IPO price: Public issue of equity shares was done in March 1994 at a price of ₹ 10 per share. In comparison, the market price increase as at 31st March, 2015 is 428 percent.</p>		31/03/2015	31/03/2014	Market Capitalisation (₹ Cr.)	725	364	PE ratio	14.71	9.12
	31/03/2015	31/03/2014									
Market Capitalisation (₹ Cr.)	725	364									
PE ratio	14.71	9.12									
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<p>Average percentile increase in salaries of managerial personnel: 49 percentile</p> <p>Average percentile increase in salaries of non-managerial personnel: 14.85 percentile</p> <p>The salary increases are a function of various factors like individual performance vis-à-vis individual KPIs, industry trends, economic situation, future growth prospects, etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.</p>									
9	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company.	The individual remuneration of the Key Managerial Personnel is not directly comparable against the performance of the Company. As stated in 8 above, the salary increases are a function of various factors like individual performance vis-à-vis individual KPIs, industry trends, economic situation, future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.									
10	The key parameters for any variable component of remuneration availed by the Directors	Commission is the variable component in the remuneration of the Directors. As per the Nomination and Remuneration Policy of the Company, the amount of commission is calculated on the basis of the performance evaluation of the Directors.									
11	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	There are no such cases.									
12	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration paid to the Directors is as per the Remuneration policy of the Company.									

Sr. No.	Information Required	Input
13	Statement showing the name of every employee of the company, who- (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty 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 five lakh 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 alongwith his spouse and dependent children, not less than two percent of the equity shares of the Company.	Please refer Annexure 'F'

#### **IV. WHISTLE BLOWER POLICY**

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

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

#### **V. COMPOSITION OF AUDIT COMMITTEE**

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

#### **VI. AUDITORS**

##### **1. Statutory Auditors**

As per provisions of Section 139(2) of the Companies Act, 2013 and rules thereof, no listed company shall appoint or reappoint an audit firm as auditor for more than two terms of five consecutive years. Every company existing on the commencement of the Act is required to comply with requirements of Section 139(2) within three years from the date of commencement of the Act.

M/s P.G. Bhagwat, Chartered Accountants (Firm Registration No. 101118W) retire as the Auditors at the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. The Company has received a certificate from the retiring auditors to the effect that the appointment, if made, will be in accordance with the limit specified in Section 141 of the Companies Act, 2013.

The Board has recommended their re-appointment to hold the office till the conclusion of next Annual General Meeting, i.e. within the transition period allowed as per the Companies Act, 2013.

##### **2. Secretarial Audit**

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

## **VII. CORPORATE GOVERNANCE**

The Company conforms to the norms of Corporate Governance as envisaged in the Listing Agreement with the BSE Limited. Pursuant to Clause 49 of the Listing Agreement, a Report on the Corporate Governance and the Auditors Certificate on Corporate Governance are annexed to this report.

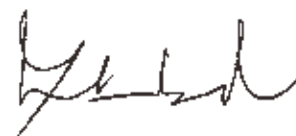
## **VIII. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

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

## **IX. APPRECIATION**

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

For and on behalf of the Board of Directors



ATUL C. KIRLOSKAR  
Chairman  
DIN 00007387

Pune : 28th April, 2015

**ANNEXURE - A**

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31st March, 2015**  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

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

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

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

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

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kirloskar Industries Limited 13/A, Karve Road, Kothrud, Pune 411038	L29112PN1978PLC088972	Holding Company	51.43	2(46)

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

##### i) Category-wise Shareholding:

	Category of Shareholders	Number of shares held as at 1st April, 2014			Number of shares held as at 31st March, 2015			% change during the year
		Demat	Physical	Total	Demat	Physical	Total	
<b>(A) Promoters</b>								
<b>(1) Indian</b>								
a) Individual / HUF		9,139,327	-	9,139,327	9,139,327	-	9,139,327	6.66
b) Central Government		-	-	-	-	-	-	-
c) State Government(s)		-	-	-	-	-	-	-
d) Bodies Corporate		72,624,617	-	72,624,617	72,624,617	-	72,624,617	52.89
e) Banks / Financial Institutions		-	-	-	-	-	-	-
f) Any Other		-	-	-	-	-	-	-
<b>Sub-Total (A)(1)</b>		<b>81,763,944</b>	<b>-</b>	<b>81,763,944</b>	<b>81,763,944</b>	<b>-</b>	<b>81,763,944</b>	<b>59.55</b>
<b>(2) Foreign</b>								
a) NRIs - Individuals		-	-	-	-	-	-	-
b) Other - Individuals		-	-	-	-	-	-	-
c) Bodies Corporate		-	-	-	-	-	-	-
d) Banks / Financial Institutions		-	-	-	-	-	-	-
e) Any Other		-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoters</b>		<b>81,763,944</b>	<b>-</b>	<b>81,763,944</b>	<b>81,763,944</b>	<b>-</b>	<b>81,763,944</b>	<b>59.55</b>
<b>(B) Public shareholding</b>								
<b>(1) Institutions</b>								
a) Mutual Funds / UTI		940,584	28,300	968,884	2,653,361	28,300	2,681,661	1.95
b) Banks / Financial Institutions		-	500	500	-	500	500	0.00
c) Central Government		-	-	-	-	-	-	-
d) State Government(s)		-	-	-	-	-	-	-
e) Venture Capital Funds		-	-	-	-	-	-	-
f) Insurance Companies		-	-	-	-	-	-	-
g) Foreign Institutional Investors (FII)		5,000	42,500	47,500	5,000	42,500	47,500	0.03
h) Foreign Venture Capital Funds		-	-	-	-	-	-	-
i) Any other (specify)		-	-	-	-	-	-	-
<b>Sub-Total (B) (1)</b>		<b>945,584</b>	<b>71,300</b>	<b>1,016,884</b>	<b>2,658,361</b>	<b>71,300</b>	<b>2,729,661</b>	<b>1.99</b>
								<b>1.25</b>

i) **Category-wise Shareholding: (Contd.)**

	Category of Shareholders	Number of shares held as at 1st April, 2014				Number of shares held as at 31st March, 2015				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2)	<b>Non - Institutions</b>									
(a)	Bodies Corporate	6,158,827	535,600	6,694,427	4.88	4,927,718	535,000	5,462,718	3.98	(0.90)
	i) Indian	-	-	-	-	-	-	-	-	-
	ii) Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	20,024,105	4,505,229	24,529,334	17.86	22,142,827	4,402,329	26,545,156	19.33	1.47
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	20,611,527	22,100	20,633,627	15.03	17,891,995	22,100	17,914,095	13.05	(1.98)
c)	Others									
	i) Non - Resident Indians	728,834	637,990	1,366,824	1.00	1,360,933	620,540	1,981,473	1.44	0.45
	ii) Clearing Members	1,101,372	-	1,101,372	0.80	653,046	-	653,046	0.48	(0.33)
	iii) Directors and their relatives	200,669	200	200,869	0.15	256,988	200	257,188	0.19	0.04
	iv) Hindu Undivided Families	-	700	700	0.00	-	700	700	0.00	-
	v) Trusts	100	-	100	0.00	100	-	100	0.00	-
	<b>Sub-Total (B)(2)</b>	<b>48,825,434</b>	<b>5,701,819</b>	<b>54,527,253</b>	<b>39.71</b>	<b>47,233,607</b>	<b>5,580,869</b>	<b>52,814,476</b>	<b>38.46</b>	<b>(1.25)</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>49,771,018</b>	<b>5,773,119</b>	<b>55,544,137</b>	<b>40.45</b>	<b>49,891,968</b>	<b>5,652,169</b>	<b>55,544,137</b>	<b>40.45</b>	<b>-</b>
(C)	Shares held by Custodians for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>131,534,962</b>	<b>5,773,119</b>	<b>137,308,081</b>	<b>100.00</b>	<b>131,655,912</b>	<b>5,652,169</b>	<b>137,308,081</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of Promoters :**

Sl. No.	Shareholders Name	Shareholding as at 1st April, 2014		Shareholding as at 31st March, 2015	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Kirloskar Industries Limited	70,613,876	51.43	70,613,876	51.43
2	Kirloskar Pneumatic Company Limited	2,000,000	1.46	2,000,000	1.46
3	Jyotsna Gautam Kulkarni	1,672,602	1.22	1,672,602	1.22
4	Alpana Rahul Kirloskar	1,591,229	1.16	1,591,229	1.16
5	Arti Atul Kirloskar	1,493,865	1.09	1,493,865	1.09
6	Atul C. Kirloskar	1,427,939	1.04	1,427,939	1.04
7	Rahul C. Kirloskar	1,425,279	1.04	1,425,279	1.04
8	Gautam A. Kulkarni	1,425,278	1.04	1,425,278	1.04
9	Suman C. Kirloskar	90,535	0.07	90,535	0.07
10	Karad Projects and Motors Limited	10,000	0.01	10,000	0.01
11	Mrinalini Shreekant Kirloskar	6,500	0.00	6,500	0.00
12	Alok Sanjay Kirloskar	1,520	0.00	1,520	0.00
13	Gauri Kirloskar – Kolenaty	1,140	0.00	1,140	0.00
14	Aditi Atul Kirloskar	760	0.00	760	0.00
15	Rama Sanjay Kirloskar	760	0.00	760	0.00
16	Neeta Achyut Kulkarni	760	0.00	760	0.00
17	Achyut & Neeta Holdings & Finance Private Limited	541	0.00	541	0.00
18	Sanjay C. Kirloskar	380	0.00	380	0.00
19	Alika Rahul Kirloskar	380	0.00	380	0.00
20	Geetanjali Vikram Kirloskar	200	0.00	200	0.00
21	Roopa Jayant Gupta	200	0.00	200	0.00
22	Alpak Investments Private Limited	100	0.00	100	0.00
23	Navsai Investments Private Limited	100	0.00	100	0.00
	<b>Total</b>	<b>81,763,944</b>	<b>59.55</b>	<b>81,763,944</b>	<b>59.55</b>

Note:

- Amounts shown as “0.00” above are not Nil, but rounded off to 2 decimals.
- In case of joint holding, the name of the first holder is considered.
- No shares of promoters have been pledged or encumbered as of 1st April, 2014 or 31st March, 2015 or during the year ended 31st March, 2015.
- There is no change in the shareholding of promoters as at 31st March, 2015 compared with 1st April, 2014 or during the year ended 31st March, 2015.

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

There was no change in the shareholding of Promoters during the period from 1st April, 2014 to 31st March, 2015.

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

Shareholding pattern of top ten shareholders as at 1st April, 2014

Sl. No.	Name of Shareholder	Number of shares	% of total shares of the Company
1	Arun Nahar	2,130,897	1.55
2	Jagdish Amritlal Shah	1,283,530	0.93
3	ICICI Prudential Child Care Plan	782,567	0.57
4	Anju Ajay Saraf	761,042	0.55
5	Anvil Shares and Stock Broking Private Limited	737,000	0.54
6	Roopchand Bhanshali	675,000	0.49
7	Lata Bhanshali	675,000	0.49
8	Vallabh Bhanshali	675,000	0.49
9	Aadi Financial Advisors LLP	675,000	0.49
10	Zafar Ahmadullah	675,000	0.49

Shareholding pattern of top ten shareholders as at 31st March, 2015

Sl. No.	Name of Shareholder	Number of shares	% of total shares of the Company
1	DSP Blackrock Micro Cap Fund	2,653,361	1.93
2	Arun Nahar	2,649,897	1.93
3	Jagdish Amritlal Shah	1,283,530	0.93
4	Anju Ajay Saraf	761,042	0.55
5	Vallabh Bhanshali	675,000	0.49
6	Aadi Financial Advisors LLP	675,000	0.49
7	Shaunak Jagdish Shah	580,150	0.42
8	Beautiful Diamonds Limited	500,000	0.36
9	Zafar Ahmadullah	425,000	0.31
10	Diana Dhun Ratnagar	412,000	0.30

**Notes:**

- In case of joint holding, the name of the first holder is considered.
- There is no fresh allotment/reduction of share capital during the year by the Company.  
The increase/decrease in shareholding above is due to transactions between shareholders.
- The shareholding details given above are based on the legal ownership and not beneficial ownership and is derived based on the folio number listing provided by the Registrar and Transfer agent of the Company.

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

Shareholding of Directors:

Sl. No.	Name of Director	Shareholding as at 1st April, 2014		Shareholding as at 31st March, 2015	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	Mr. Atul C. Kirloskar	1,427,939	1.04	1,427,939	1.04
2	Mr. Rahul C. Kirloskar	1,425,279	1.04	1,425,279	1.04
3	Mr. R. V. Gumaste	142,269	0.10	139,021	0.10
4	Mr. A. N. Alawani	35,000	0.03	35,000	0.03
5	Mr. S. N. Inamdar	11,100	0.01	11,100	0.01
6	Mr. C. V. Tikekar	6,000	0.00	6,000	0.00
7	Mr. A. R. Jamenis	3,400	0.00	3,400	0.00
8	Mr. S. G. Chitnis	3,100	0.00	3,100	0.00
9	Mr. Sanjay C. Kirloskar	380	0.00	N.A	--
10	Mrs. Nalini Venkatesh	N.A. (note 6)	--	10,600	0.01
11	Mr. B. S. Govind	N.A. (note 6)	--	200	0.00
12	Mr. R. Sampath Kumar	N.A. (note 6)	--	Nil	--

**Notes :**

1. Mr. Sanjay C. Kirloskar has resigned as a Director of the Company with effect from 8th April, 2014.
2. Mrs. Nalini Venkatesh, Mr. B. S. Govind and Mr. R. Sampath Kumar were appointed as Additional Directors with effect from 16th July, 2014 and subsequently, have been appointed as Independent Directors by the Members at the Annual General Meeting held on 13th August, 2014.
3. Details of changes in the shareholding of Mr. R. V. Gumaste during the year are as under :

Particulars	Number of shares	% to total shares of the Company
As at 1st April, 2014	142,269	0.10
Sale of equity shares through market on 18th February, 2015	3,248	0.00
As at 31st March, 2015	139,021	0.10

4. There are no purchase and sale of shares by other Directors during the year.
5. The above details are based on the legal ownership and not on beneficial ownership.
6. The shareholding above reflects the ownership post the person being appointed a Director or KMP.
7. N.A. represents Not Applicable.

Shareholding of Key Managerial Personnel:

SI No	Name of Key Managerial Person	Shareholding as at 1st April, 2014		Shareholding as at 31st March, 2015	
		Number of shares	% to total shares of the Company	Number of shares	% to total shares of the Company
1	Mr. R. V. Gumaste Managing Director	142,269	0.10	139,021	0.10
2	Mr. C. S. Panicker Company Secretary	-	-	-	-
3	Mr. R. S. Srivatsan Chief Financial Officer	-	-	-	-

**Notes :**

- Details of changes in the shareholding of Mr. R. V. Gumaste are as per Note 3 to Clause (v) above.
- Mr. C. S. Panicker, Company Secretary and Mr. R. S. Srivatsan, Chief Financial Officer were appointed as Key Managerial Personnel with effect from 1st April, 2014 by the Board of Directors at its meeting held on 28th April, 2014.

**V. INDEBTEDNESS**

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

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as at 1st April, 2014				
i) Principal Amount	1,655,163,788	241,073,059	-	1,896,236,847
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8,695,974	-	-	8,695,974
Total (i+ii+iii)	1,663,859,762	241,073,059	-	1,904,932,821
Change in Indebtedness during the financial year				
• Addition	233,333,319	-	-	233,333,319
• (Reduction)	(711,203,509)	(91,073,059)	-	(802,276,568)
Net Change	(477,870,190)	(91,073,059)	-	(568,943,249)
Indebtedness as at 31st March, 2015				
i) Principal Amount	1,177,293,598	150,000,000	-	1,327,293,598
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,050,174	-	-	4,050,174
Total (i+ii+iii)	1,181,343,772	150,000,000	-	1,331,343,772

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	9,718,421
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	409,444
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as percentage of profit	20,000,000
	- others	-
5.	Others	-
	Total (A)	30,127,865
	Ceiling as per the Act	37,706,158

### B. Remuneration to other Directors :

(Amount in ₹)

Sl. No.	Name of Director	Particulars of Remuneration			Total Amount
		Fees for attending board/ committee meetings	Commission	Others	
1.	Independent Directors				
	Mr. S. N. Inamdar	140,000	800,000	-	940,000
	Mr. A. R. Jamenis	180,000	800,000	-	980,000
	Mr. S. G. Chitnis	150,000	800,000	-	950,000
	Mr. C. V. Tikekar	130,000	500,000	-	630,000
	Mrs. Nalini Venkatesh	80,000	475,000	-	555,000
	Mr. B. S. Govind	50,000	250,000	-	300,000
	Mr. R. Sampath Kumar	70,000	425,000	-	495,000
	Total (1)	800,000	4,050,000	-	4,850,000
2.	Other Non Executive Directors				
	Mr. Atul C. Kirloskar	90,000	350,000	-	440,000
	Mr. Rahul C. Kirloskar	90,000	350,000	-	440,000
	Mr. A. N. Alawani	160,000	800,000	-	960,000
	Total (2)	340,000	1,500,000	-	1,840,000
	Total (B)=(1+2)	1,140,000	5,550,000	-	6,690,000
	Ceiling as per the Act				7,541,232
	Total Managerial Remuneration				36,817,865
	Overall Ceiling as per the Act				45,247,392

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Company Secretary	CFO	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4,996,060	5,501,156	10,497,216
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	101,630	101,102	202,732
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as percentage of profit	-	-	-
	- others	-	-	-
5.	Others	-	-	-
	Total	5,097,690	5,602,258	10,699,948

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

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

**ANNEXURE “B”**

**NOMINATION AND REMUNERATION POLICY  
OF KIRLOSKAR FERROUS INDUSTRIES LIMITED**

**I. INTRODUCTION**

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

The policy envisages the framework for nomination, remuneration and evaluation of Board of Directors, Key Managerial Personnel and Senior Management Personnel in accordance with provisions of Companies Act, 2013 (‘the Act’), including rules thereof and clause 49 of the Listing Agreement.

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

**II. DEFINITIONS**

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

3. “Key Managerial Personnel” (KMP) means :
  - a) Chief Executive Officer or Managing Director or the Manager,
  - b) Whole-time Director
  - c) Chief Financial Officer
  - d) Company Secretary and
  - e) such other officers as may be prescribed under the Act from time to time
4. “Senior Management Personnel” (SMP) means personnel of the Company who are members of the core management team, excluding Board of Directors and are one level below the Executive Directors including all Functional Heads.

### **III. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SMP**

1. The Committee shall consider criteria such as qualifications, skills, expertise and experience of the person to be appointed as as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
2. The age of person to be appointed as a Non Executive Director shall not be less than 21 years and more than 75 years. The Committee at its discretion may recommend to the Board continuation of Director for further term of appointment who has completed 75 years.  
  
The age of person to be appointed as an Executive Director shall not be less than 21 years and not more than 70 years.
3. The Company should ensure that the person so appointed as Director is not disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
4. The Director/ Independent Director / KMP / SMP shall be appointed as per the provisions and procedure laid down under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
5. The Committee may recommend to the Board for removal of a Director on account of any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground. The Committee may also recommend to the Board for removal of KMP or SMP subject to the provisions and compliance of the applicable Act, rules and regulations.
6. Term and tenure of a Director shall be in accordance with the provisions of the Companies Act, 2013, rules thereof and the Listing Agreement as amended from time to time.

### **IV. BOARD DIVERSITY**

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

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

### **V. REMUNERATION OF DIRECTOR, KMP AND SMP**

#### **A) DIRECTORS**

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

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

**i. EXECUTIVE DIRECTORS**

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

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

The remuneration components shall include inter alia :

**a. Fixed salary**

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

Option 1 : The salary may be reviewed annually.

or

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

**b. Commission**

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

**c. Non-monetary benefits**

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

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

**d. Separation / Retirement benefits**

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

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

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

## ii. **NON-EXECUTIVE DIRECTORS**

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

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

### a. **Sitting fees**

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

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

### b. **Commission**

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

### c. **Professional fees**

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

## B) **KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL**

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

The remuneration components payable to KMP / SMP may be:

### a. **Fixed salary**

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

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

### b. **Variable pay**

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

### c. **Perquisites / Other Benefits**

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

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

**d. Annual Pay Revision / Promotion**

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

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

**e. Separation / Retirement benefits**

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

**C) DIRECTORS AND OFFICERS LIABILITY INSURANCE**

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

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

**D) STOCK OPTIONS**

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

**VI. CRITERIA FOR EVALUATION OF BOARD**

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

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

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

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

**VII. AMENDMENT**

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

## ANNEXURE “C”

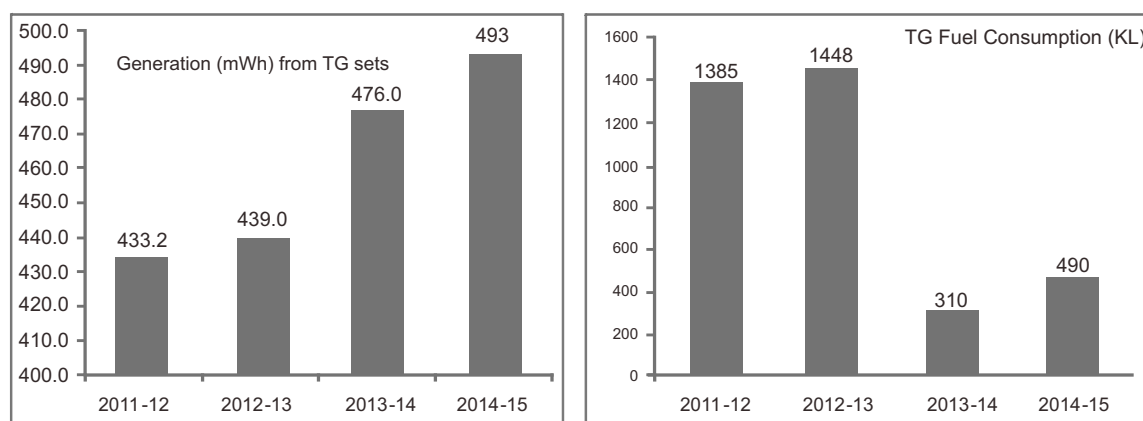
### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

#### A. CONSERVATION OF ENERGY

##### a) Energy conservation measures taken during the FY 2014-15

- 1 Installation of 10 KW Solar power plant for new administrative building at Koppal plant.
- 2 Installation of energy efficient Variable Refrigerant Volume (VRV) Air conditioners units installed in new administrative building at Koppal plant.
- 3 Installation of energy management system for Power plants.
- 4 Use of star rating product for air conditioners, ceiling fans and tube lights in all utilities area.
- 5 Power trading through Indian Energy Exchange resulting in lower power cost.
- 6 Replacement of old motors with energy efficient motors.
- 7 Installation of 100 CFM (Cubic Feet per Minute) screw compressors at remote places to reduce compressor air and energy losses in Foundry area.
- 8 Reduction in power import from diesel generator sets by doing proper redistribution of loads and thereby utilising the turbo generator power for compressor operation system.
- 9 Harmonic study done for electrical system at Sinter plant.
- 10 Purchase of power through open access from Global Energy Private Limited at Solapur plant.
- 11 Purchase of renewable energy certificates from Indian Energy Exchange.
- 12 Reduction in power import from grid by doing proper redistribution of loads and thereby utilising the TG Power for Sinter plant crusher house load.
- 13 Reduction in furnace oil by converting FBDC (Fluidised Bed Drying Conveyor) sand drying in Solapur plant from furnace oil into LPG.

#### Figures of power generation



TG fuel consumption has gone up during FY 2014-15 on account of less availability of Blast Furnace Gas to TG.

##### b) Proposals for the FY 2015-2016

- 1 Installation of screw compressors at plant level.
- 2 Replacement of old pumps with energy efficient pumps at plant level .
- 3 Replacement of old motors with energy efficient motors.
- 4 Plant level energy audit .

- 5 Reduction in furnace oil by converting core drying oven in Solapur plant from furnace oil into LPG.
- 6 Installation of energy efficient motors with variable frequency drives for the new MBF cast house fume extraction systems.
- 7 Reduction in power import from grid by doing proper redistribution of loads and thereby utilising the TG Power.
- 8 Robo gunning with modified Box coolers in MBF1 and Robogunning for MBF 2.
- 9 Power procurement through open access.
- 10 Purchase of renewable energy certificates from Indian Energy Exchange.

**c) Impact of the above measures**

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

**B. TECHNOLOGY ABSORPTION**

During the year Company continues to work on development of new generation EURO - VI engine blocks and engine heads and Company has progressed on the research and developments and upgraded the capability. Company is also working on technology and process upgrade on fettling and finishing of castings. CNC machining for tooling modification and tooling corrections has been introduced.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	(₹ in Million)
Earnings	0.11
Outgo	1,316.37

**D. RESEARCH AND DEVELOPMENT**

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

**ANNEXURE "D"**

**ANNUAL REPORT ON CSR ACTIVITIES**

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

The Board of Directors at its meeting held on 13th August, 2014 have adopted the Corporate Social Responsibility (CSR) policy of the Company. Eligible funds for CSR activities in each financial year are being expended in the areas of Education, Environment, Health and Rural Development through one or more trusts. These CSR activities are being carried out through various programmes or projects as specified in the CSR Policy. The CSR policy of the Company is available for inspection at [www.kfil.com](http://www.kfil.com)

As on date, the CSR Committee of the Company consists of six Directors, viz. Mr. Rahul C. Kirloskar as Chairman and Mr. R. V. Gumaste, Mr. A. R. Jamenis, Mr. S. G. Chitnis, Mr. C. V. Tikekar and Mrs. Nalini Venkatesh as members.

Details of expenditure on CSR activities is as follows:

Average net profit of the Company for the financial years 2011–2012, 2012–2013 and 2013–2014	₹ 611,745,832
Prescribed CSR expenditure (2 percent of the average net profit)	₹ 12,234,917
Total amount spent on CSR activities for the financial year 2014–2015	₹ 16,324,719
Amount unspent, if any	-

Manner in which the amount spent during the financial year 2014 – 2015 is detailed below :

Sr No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs. 2) Overheads (₹ In Lacs)	Cumulative expenditure up to the reporting period (₹ In Lacs)	Amount spent (Direct or through implementing agency) (₹ In Lacs)
1	Rural education, financial assistance to school children, scholarships, infrastructure for schools, providing stationary to the students, conducting vocational education classes, Computer literacy programmes, career guidance workshops, etc.	Education	Bevinahalli (Karnataka), Koppal (Karnataka), Hosahalli (Karnataka), Gudad (Karnataka), Lingadahalli (Karnataka), Kukupalli (Karnataka), Mundargi (Karnataka), Harihar (Karnataka), Pune (Maharashtra)	Amount not specified	111.76	111.76	111.76  Partially direct and partially through trusts.
2	Preservation of forests, Tree plantation drives, Environment Awareness programmes, programmes on energy conservation, Kirloskar Vasundhara Film Festival	Environment	Pune (Maharashtra)	Amount not specified	1.46	1.46	1.46  Partially direct and partially through trusts.

Sr No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs. 2) Overheads (₹ In Lacs)	Cumulative expenditure up to the reporting period (₹ In Lacs)	Amount spent (Direct or through implementing agency) (₹ In Lacs)
3	Clean drinking water to villages, Construction of toilets, Community health, hygiene awareness programmes etc.	Health	Bevinahalli (Karnataka), Koppal (Karnataka),	Amount not specified	36.12	36.12	36.12  Partially direct and partially through trusts.
4	Construction of roads, construction of drainages, Construction and renovation of toilet blocks, Construction of rural infrastructure	Rural Development	Bevinahalli (Karnataka), Koppal (Karnataka), Hosahalli (Karnataka), Gudad (Karnataka), Savantwadi (Maharashtra)	Amount not specified	13.91	13.91	13.91  Partially direct and partially through trusts.
					163.25	163.25	163.25

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

sd/-  
Rahul C. Kirloskar  
Chairman of the CSR Committee

sd/-  
R. V. Gumaste  
Managing Director

## ANNEXURE “E-1”

Sr. No.	Name of the Director	Ratio of remuneration of each Director to the median remuneration of the employees of the Company
1	Mr. Atul C. Kirloskar	1.62
2	Mr. Rahul C. Kirloskar	1.62
3	Mr. R. V. Gumaste	111.17
4	Mr. S. N. Inamdar	3.47
5	Mr. A. R. Jamenis	3.62
6	Mr. S. G. Chitnis	3.51
7	Mr. C. V. Tikekar	2.32
8	Mr. A. N. Alawani	3.54
9	Mr. B. S. Govind (refer note 2 below)	Not Applicable
10	Mr. R. Sampath Kumar (refer note 2 below)	Not Applicable
11	Mrs. Nalini Venkatesh (refer note 2 below)	Not Applicable

**Note:**

- Median is computed on the basis of permanent employees on the rolls of the Company.
- These Directors were appointed during the year ended 31st March, 2015.

## ANNEXURE “E-2”

Sr. No.	Name of the Director/KMP	Designation	% Increase/(Decrease) in the Remuneration
1	Mr. Atul C. Kirloskar	Director	25.71
2	Mr. Rahul C. Kirloskar	Director	33.33
3	Mr. R. V. Gumaste	Managing Director and KMP	11.36
4	Mr. S. N. Inamdar	Director	129.27
5	Mr. A. R. Jamenis	Director	139.02
6	Mr. S. G. Chitnis	Director	137.50
7	Mr. C. V. Tikekar	Director	57.50
8	Mr. A. N. Alawani	Director	146.15
9	Mr. B. S. Govind (refer note below)	Director	Not Applicable
10	Mr. R. Sampath Kumar (refer note below)	Director	Not Applicable
11	Mrs. Nalini Venkatesh (refer note below)	Director	Not Applicable
12	Mr. R. S. Srivatsan	KMP	21.25
13	Mr. C. S. Panicker	KMP	10.55

**Note:** These Directors were appointed during the year ended 31st March, 2015.

**ANNEXURE “F”**

Sr. No.	Name of the Employee	Designation	Remuneration received	Nature of employment whether contractual or otherwise	Qualifications	Experience	Date of commencement of employment	Age	Last Employment held before joining	Percentage of equity shares held	Whether any such employee is relative of any Director and if so name of such Director
1	Mr. R. V. Gumaste	Managing Director	30,127,865	Regular Employee	B. Tech (Met.)	34 Years	8th November, 2001	57	Chief Executive (Works) - Indian Seamless Metal Tubes Limited	0.10	-

## ANNEXURE “G”

### 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, 2015

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIRLOSKAR FERROUS INDUSTRIES LIMITED**, 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 authorised 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, 2015 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, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;  
[No incidence during the audit period, hence not applicable]
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; [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 an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; [No incidence during the audit period, hence not applicable]
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; [No incidence during the audit period, hence not applicable]

(vi) No other law is applicable specifically to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. [Not notified, hence not applicable during the Audit period].
- (ii) The Listing Agreements entered into by the Company with BSE Ltd.

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

**I further report that**

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

Date : 28th April, 2015  
Place : Pune

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

## REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

### Company's philosophy on Code of Governance

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

### 1. Board of Directors

#### (a) Composition of the Board

The Board of Directors comprised of eleven Directors as on 31st March, 2015. Out of these, there is one Managing Director, three Non Independent Directors and seven Independent Directors, which includes one woman Director.

The Board of Directors is duly constituted pursuant to the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

#### (b) Number of Board meetings

During the financial year 2014-2015, seven meetings of the Board of Directors were held on 28th April, 2014; 16th June, 2014; 16th July, 2014; 13th August, 2014; 20th October, 2014; 29th January, 2015 and 20th March, 2015.

#### (c) Directors' attendance record and directorships held

The information on composition of the Board, category of Directors, attendance at Board meetings held during the year and at the last Annual General Meeting, Directorships in other Public Limited Companies and Committees of other Public Limited Companies of which the Director is a Member/Chairman, is as under –

Category of Directors and Name of Director	Financial Year 2014 – 2015		Number of Directorships in other public limited companies incorporated in India *	Committee positions held in other public limited companies	
	Board Meetings held	Board Meetings attended		Member	Chairman
<b>Promoter Directors (Non Executive)</b>					
Mr. Atul C. Kirloskar Chairman	7	7	7	Nil	Nil
Mr. Rahul C. Kirloskar Vice Chairman	7	7	4	3	Nil
<b>Managing Director (Executive)</b>					
Mr. R. V. Gumaste	7	7	Nil	Nil	Nil
<b>Non Independent Director (Non Executive)</b>					
Mr. A. N. Alawani	7	7	5	2	3
<b>Independent Directors (Non Executive)</b>					
Mr. S. N. Inamdar	7	7	7	3	3
Mr. A. R. Jamenis	7	7	1	1	Nil
Mr. S. G. Chitnis	7	7	Nil	Nil	Nil
Mr. C. V. Tikekar	7	7	Nil	Nil	Nil
Mr. B. S. Govind	5	5	Nil	Nil	Nil
Mr. R. Sampath Kumar	5	4	1	Nil	Nil
Mrs. Nalini Venkatesh	5	5	Nil	Nil	Nil

All Directors were present at the Annual General Meeting of the members held on 13th August, 2014.

**Notes :**

1. Directorships held in foreign companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956 / under Section 8 of the Companies Act, 2013 have not been considered.
2. For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders Relationship Committee are considered.
3. Mr. Rahul C. Kirloskar, who was co-opted as Additional Director and as Vice Chairman by the Board of Directors at its meeting held on 28th October, 2013, was appointed as a Director (liable to retire by rotation) at the Annual General Meeting held on 13th August, 2014.
4. Mr. B. S. Govind, Mr. R. Sampath Kumar and Mrs. Nalini Venkatesh were appointed as Additional Directors by the Board of Directors with effect from 16th July, 2014 and further appointed as Independent Directors by the members at their Annual General Meeting held on 13th August, 2014.

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

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

Statement showing number of equity shares of the Company held by the Directors as on 31st March, 2015:

Name of Directors	Equity Shares of ₹ 5 each
Mr. Atul C. Kirloskar	1,427,939
Mr. Rahul C. Kirloskar	1,425,279
Mr. R. V. Gumaste	139,021
Mr. S. N. Inamdar	11,100
Mr. A. N. Alawani	35,000
Mr. A. R. Jamenis	3,400
Mr. C. V. Tikekar	6,000
Mr. S. G. Chitnis	3,100
Mr. B. S. Govind	200
Mr. R. Sampath Kumar	Nil
Mrs. Nalini Venkatesh	10,600

**Meeting of Independent Directors :**

The meeting of Independent Directors was held on Thursday, 29th January, 2015 to discuss, inter-alia :

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

All Independent Directors were present at the meeting.

Criteria for performance evaluation of Directors is specified under the heading Nomination and Remuneration Committee mentioned in item 3 below.

**Familiarisation programme for Independent Directors:**

Independent Directors of the Company are made aware of their role, rights and responsibilities at the time of their appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

The Independent Directors get the opportunity to visit the plants of the Company, to enable them to have full understanding of manufacturing operations and processes and the Industry in which it operates.

All Directors of the Company are updated as and when required, of their role, responsibilities and liabilities. The Company holds Board meetings at the Registered Office and also at locations, where the Company has manufacturing plants.

The Board of Directors has complete access to the information within the Company. Presentations are made regularly before the meetings of the Board of Directors and the Audit Committee, where Directors have an opportunity to interact with senior management personnel. Presentations cover, inter-alia, quarterly and annual results, business strategies, budgets, review of internal audit, risk management and such other areas as may arise from time to time.

Independent Directors have the freedom to interact with the management of the Company. Interactions happen during the meetings of the Board or Committees, when senior management personnel of the Company make presentations to the Board.

In February 2015 and March 2015, a training programme was conducted for all Directors and Key Managerial Persons of the Company. The training programme covered, inter-alia, aspects such as legal compliance management, corporate governance and role of independent directors, liability of Directors under direct and indirect taxes, corporate and labour laws, SEBI Act and regulations.

## 2. Audit Committee

### (a) Composition

The Audit Committee comprises of five Directors, out of which four are Independent Directors. Mr. S. N. Inamdar, an Independent Director is the Chairman of the Audit Committee.

Other Members of the Committee are Mr. A. R. Jamenis; Mr. S. G. Chitnis; Mr. A. N. Alawani and Mr. R. Sampath Kumar.

The Company Secretary acts as the Secretary of the Committee.

During the financial year 2014-2015, six Audit Committee meetings were held on 28th April, 2014; 16th June, 2014; 13th August, 2014; 20th October, 2014; 29th January, 2015 and 20th March 2015.

The details of attendance by Committee Members are as follows –

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. S. N. Inamdar	Independent and Non – Executive	6	6
Mr. A. R. Jamenis	Independent and Non – Executive	6	6
Mr. S. G. Chitnis	Independent and Non – Executive	6	6
Mr. A. N. Alawani	Non – Independent and Non – Executive	6	6
Mr. R. Sampath Kumar (Refer Note 1)	Independent and Non – Executive	4	3
Mrs. Nalini Venkatesh (Refer Notes 1 and 3)	Independent and Non – Executive	3	3
Mr. C. V. Tikekar (Refer Note 2)	Independent and Non – Executive	2	2

**Notes :**

1. Mr. R. Sampath Kumar and Mrs. Nalini Venkatesh were appointed as members of the Audit Committee with effect from 16th July, 2014.
2. Mr. C. V. Tikekar ceased to be a member of the Audit Committee with effect from 16th July, 2014.
3. Mrs. Nalini Venkatesh ceased to be a member of the Audit Committee at the conclusion of the meeting of the Audit Committee on 29th January, 2015.

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

Mr. S. N. Inamdar, Chairman of the Audit Committee, was present at the 23rd Annual General Meeting of the Company held on Wednesday, 13th August, 2014.

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

The Audit Committee has been vested with the following powers :

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

**(b) Terms of Reference**

The terms of reference of the Audit committee include the matters specified under Clause 49(III) of the Listing Agreement 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.
- Recommending the appointment, remuneration and terms of appointment of auditors of the Company.
- Examination of the financial statement and the auditor's report thereon.
- Approving payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the Management, the annual financial statements and auditors' report thereon before submission to the Board, for approval, with particular reference to :
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by Management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualification in draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the Management, the statement of uses / applications of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.

- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- Reviewing the following information :
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions submitted by the management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses and
  - e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Carrying out any other function as mentioned in terms of reference of the Audit Committee, as amended from time to time by the Companies Act, 2013 and the Listing Agreement.

### 3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (earlier known as Remuneration Committee) comprises of four Directors, out of which two Directors are Independent Directors. Mr. A. R. Jamenis, an Independent Director is the Chairman of the Nomination and Remuneration Committee.

The Company Secretary acts as the Secretary of the Committee.

During the financial year 2014-2015, three meetings of the Nomination and Remuneration Committee were held on 28th April, 2014; 16th July, 2014 and 29th January, 2015.

The details of attendance by Committee Members are as follows –

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. A. R. Jamenis	Independent and Non – Executive	3	3
Mr. Atul C. Kirloskar	Non – Independent and Non – Executive	2	2
Mr. A. N. Alawani	Non – Independent and Non – Executive	3	3
Mr. C. V. Tikekar	Independent and Non – Executive	2	2
Mr. S. N. Inamdar	Independent and Non – Executive	1	1

**Notes :**

1. Mr. Atul C. Kirloskar and Mr. C. V. Tikekar have been appointed as members of the Nomination and Remuneration Committee with effect from 16th July, 2014.
2. Mr. S. N. Inamdar has ceased to be a member of the Remuneration Committee with effect from 16th July, 2014.

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

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

- (a) identify persons, who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down,
- (b) recommend to the Board the appointment and/or removal of Directors and senior management,
- (c) carry out evaluation of every Director's performance,
- (d) formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel, senior management personnel and other employees,
- (e) perform such functions as may be assigned by the Board of Directors from time to time, and
- (f) perform such functions as required as per the provisions of the Companies Act, 2013, rules thereof and the listing agreement."

Criteria for performance evaluation of Directors :

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

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

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

**4. Subsidiary Company**

The Company does not have any subsidiary company.

**5. Disclosures**

**a) Related Party Transactions**

During the financial year, there were no materially significant transactions with related parties.

The Board of Directors has adopted the policy on related party transactions. The copy of the same has been uploaded and is available at the website of the Company, viz. [www.kfil.com](http://www.kfil.com)

**b) Disclosure of Accounting Treatment**

While preparing the financial statements, the Company has followed all relevant accounting standards.

**c) Risk Management**

The Company has a risk management policy and the same is reviewed periodically by the Board of Directors.

**d) Details of the Cost Auditor**

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

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

Details of filing of the Cost Audit Report for the financial year ended 31st March, 2014 :

Date of Filing : 12th September, 2014  
Due Date : 27th September, 2014

**e) Whistle Blower Policy**

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

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

**f) Other Disclosures**

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

The Management Discussion and Analysis Report forms part of the Annual Report and is in accordance with the requirements laid out in Clause 49 of the Listing Agreement.

**6. Remuneration to Directors**

**a) Remuneration to Managing Director**

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

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

Details of remuneration, by payment and provision, to Mr. R. V. Gumaste, Managing Director, for the financial year 2014–2015 are as follows –

Particulars	Amount ₹
Salary	6,840,000
Leave Travel Assistance	90,000
Perquisites	409,444
Commission	20,000,000
Contribution to Provident Fund	720,000
Contribution to Superannuation Fund	900,000
Gratuity	898,880
Leave Encashment	269,541
<b>Total</b>	<b>30,127,865</b>

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

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

**b) Remuneration to Non Executive Directors**

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

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

Details of commission payable to Non Executive Directors for the financial year 2014–2015 are as follows :

Name of Directors	Amount ₹
Mr. Atul C. Kirloskar	350,000
Mr. Rahul C. Kirloskar	350,000
Mr. A. R. Jamenis	800,000
Mr. S. N. Inamdar	800,000
Mr. C.V. Tikekar	500,000
Mr. S. G. Chitnis	800,000
Mr. A. N. Alawani	800,000
Mr. B. S. Govind	250,000
Mr. R. Sampath Kumar	425,000
Mrs. Nalini Venkatesh	475,000
<b>Total</b>	<b>5,550,000</b>

The Company does not have a scheme for grant of stock options.

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

#### Payment of Sitting Fees to Non Executive Directors

The sitting fees of Rs. 10,000 is paid to each Non Executive Director for attending a meeting of the Board or a committee thereof.

Sitting Fees paid to Non Executive Directors during financial year 2014–2015 are as under :

Name of Directors	Sitting Fees ₹
Mr. Atul C. Kirloskar	90,000
Mr. Rahul C. Kirloskar	90,000
Mr. A. R. Jamenis	180,000
Mr. S. N. Inamdar	140,000
Mr. C.V. Tikekar	130,000
Mr. S. G. Chitnis	150,000
Mr. A. N. Alawani	160,000
Mr. B. S. Govind	50,000
Mr. R. Sampath Kumar	70,000
Mrs. Nalini Venkatesh	80,000
<b>Total</b>	<b>1,140,000</b>

#### **7. CEO / CFO Certification**

A certificate signed by the Managing Director and the Chief Financial Officer confirming compliance of Clause 49(IX) of the Listing Agreement was placed before the meeting of the Board of Directors held on 28th April, 2015.

#### **8. Stakeholders Relationship Committee**

The Company has a Stakeholders Relationship Committee, which comprises of four Directors, viz. Mr. Atul C. Kirloskar, Mr. A. R. Jamenis, Mr. A. N. Alawani and Mr. C. V. Tikekar.

Mr. Atul C. Kirloskar acts as the Chairman of the committee. The committee has been constituted to consider and resolve the grievances of investors like transfer of shares, non receipt of annual report, non receipt of declared dividends, etc.

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

The Compliance Officer can be contacted at –

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

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

The total number of complaints received and redressed during the year ended 31st March, 2015 were 19 and there was no complaint pending as on 31st March, 2015.

## 9. General Body Meetings

Details of last three Annual General Meetings held :

Annual General Meeting	Financial Year	Date, Time and Place
21st Annual General Meeting	2011 – 2012	24th July, 2012 12 Noon. MDC Auditorium, Yashwantrao Chavan Academy of Development Administration, Raj Bhavan Complex, Near Sakal Nagar, Baner Road, Pune 411007
Two special resolutions were passed :		
<ol style="list-style-type: none"> <li>1. Approval to avail of professional legal services as an Advocate from Mr. S. N. Inamdar, Non Executive Director and to pay him from time to time the fees for professional services not exceeding ₹ 360,000 per financial year, in addition to the commission on profits and the sitting fees, to which he is entitled as a Director.</li> <li>2. Approval to the Board of Directors of the Company to decide and pay the remuneration by way of commission, over and above the payment of sitting fees, to Non Executive Directors a sum not exceeding one percent per annum of the net profit of the Company, in any financial year upto a period of 5 years, commencing from the financial year 2012–2013.</li> </ol>		
22nd Annual General Meeting	2012 – 2013	26th July, 2013 12 Noon. MDC Auditorium, Yashwantrao Chavan Academy of Development Administration, Raj Bhavan Complex, Near Sakal Nagar, Baner Road, Pune 411007
No special resolution was passed.		
23rd Annual General Meeting	2013 – 2014	13th August, 2014 11.30 a.m. Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
Three special resolutions were passed :		
<ol style="list-style-type: none"> <li>1. Authority to the Board of Directors pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 for borrowing money upto ₹ 200 Crores over and above the aggregate of paid up share capital and free reserves of the Company.</li> <li>2. Authority to the Board of Directors pursuant to provisions of Section 180(1)(a) of the Companies Act, 2013 to create mortgage and/or charge on all or any of the immovable properties of the Company to secure the terms loans and/or the working capital facilities granted / to be granted to the Company upto a sum of ₹ 500 Crores.</li> <li>3. Approval to amend existing Article 73 of the Articles of Association of the Company.</li> </ol>		

## 10. Means of Communication

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

Quarterly and half yearly results are published in national and local dailies such as Financial Express (English newspaper) and Loksatta (Marathi newspaper), having wide circulation. Since the results of

the Company are published in national and regional newspapers, the results are not sent individually to each member.

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

## 11. General Shareholders' Information

Day, Date and Time	Thursday, 30th July, 2015 at 12 noon
Venue	Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
Financial Year	1st April, 2014 to 31st March, 2015  During the year under review, the results were announced as under – First Quarter      13th August, 2014 Second Quarter    20th October, 2014 Third Quarter      29th January, 2015 Annual                28th April, 2015
Dates of Book Closure	18th July, 2015 to 30th July, 2015 (Both days inclusive)
Dividend payment date	21st August, 2015
Listing on stock exchange	BSE Limited
Stock Code	500245
ISIN	INE 884B01025

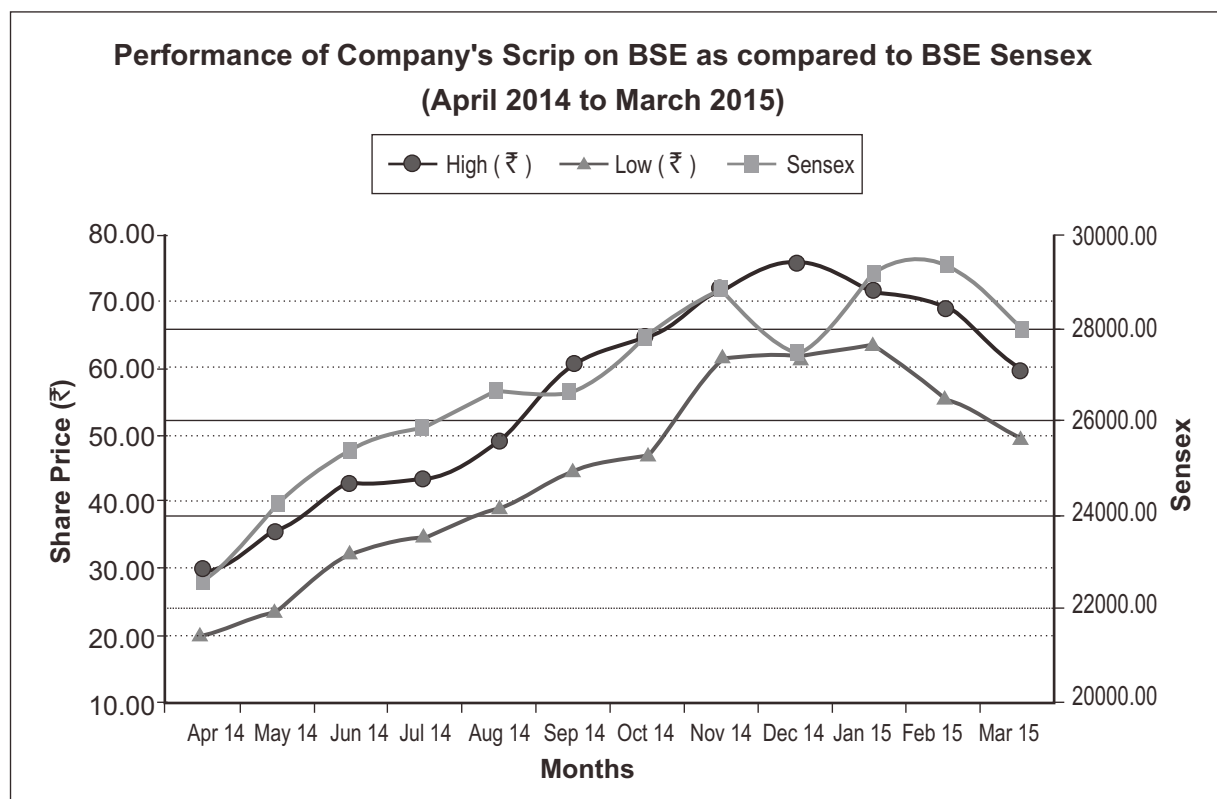
The annual listing fees for the financial year 2014–2015 have been paid to the BSE Limited and there is no amount outstanding as on date.

### Market Price Data

Monthly high / low prices of equity share on the BSE Limited during the financial year 2014–2015 are as follows :

Year	Month	High (₹)	Low (₹)
2014	April	29.65	20.10
	May	35.25	23.60
	June	42.50	32.50
	July	43.40	35.00
	August	49.10	39.10
	September	60.70	45.25
	October	64.75	47.25
	November	72.20	62.00
	December	76.00	62.10
	January	72.00	63.75
2015	February	69.00	55.90
	March	59.40	49.50

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



### Registrar and Share Transfer Agent

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

The Registrar and Share Transfer Agent can be contacted at –

Link Intime India Private Limited  
Akshay Complex, Block No 202,  
Second Floor, Off Dhole Patil Road,  
Near Ganesh Temple,  
Pune 411001  
Tel No. (020) 26161629 / 26163503  
Fax No. (020) 26163503  
Email : [pune@linkintime.co.in](mailto:pune@linkintime.co.in)

### Share Transfer System

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

### Income Tax PAN mandatory for Transfer / Transmission / Deletion / Transposition of securities held in physical form

The Securities and Exchange Board of India (SEBI) vide its Circular nos. MRD/DoP/ Cir-05/2009 dated 20th May, 2009 and SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010 has made it mandatory to furnish a copy of Income Tax PAN card to the Company / the Registrar and Share Transfer Agent for Transfer / Transmission / Deletion / Transposition of securities held in physical form.

### Distribution of Shareholding as on 31st March, 2015

Nominal Value of Shares (₹)		Shareholders		Shares	
From	To	Number	Percentage to Total	Number	Percentage to Total
1	5,000	60,988	93.28	11,927,869	8.69
5,001	10,000	1,581	2.42	2,534,789	1.85
10,001	20,000	1,159	1.77	3,458,722	2.52
20,001	30,000	592	0.90	3,004,604	2.19
30,001	40,000	246	0.38	1,765,107	1.28
40,001	50,000	199	0.30	1,879,453	1.37
50,001	100,000	326	0.50	4,672,522	3.40
100,001 and above		293	0.45	108,065,015	78.70
<b>Total</b>		<b>65,384</b>	<b>100.00</b>	<b>137,308,081</b>	<b>100.00</b>

### Shareholding Pattern as on 31st March, 2015

Category	Number of Shares	Percentage of Shareholding
Promoters and Promoters Group	81,763,944	59.55
Financial Institutions	NIL	NIL
Nationalised Banks	500	0.00
Non Resident Indians	1,981,473	1.44
Mutual Funds	2,681,661	1.95
Foreign Institutional Investors	47,500	0.03
Domestic Companies	5,462,718	3.98
Trusts	100	0.00
Directors and their relatives	257,188	0.19
General Public	45,112,997	32.86
<b>Total</b>	<b>137,308,081</b>	<b>100.00</b>

### Equity Shares in electronic form

As on 31st March, 2015, 95.88 percent of paid-up equity share capital of the Company was held in electronic form.

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

Pursuant to Sections 205 A and 205 C and other applicable provisions, if any, of the Companies Act, 1956, dividends that are unclaimed for a period of seven years, are statutorily required to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government, and thereafter, cannot be claimed by the investors.

No claim shall lie against the said Fund or the Company for unpaid dividends transferred to the Fund nor shall any payment be made in respect of such claim. Members who have not yet encashed their dividend warrant(s) are requested to make their claims without any delay to the Company's Registrar and Share Transfer Agent, i.e. Link Intime India Private Limited.

**Due dates for transfer of unclaimed dividend to IEPF :**

Financial Year	Date of Declaration	Date of Payment	Dividend percent	Date on which dividend will become part of IEPF
2008-2009	14th August, 2009	4th September, 2009	10	17th September, 2016
2009-2010	29th July, 2010	20th August, 2010	20	29th August, 2017
2010-2011	22nd July, 2011	11th August, 2011	20	26th August, 2018
2011-2012	24th July, 2012	16th August, 2012	20	27th August, 2019
2012-2013	26th July, 2013	19th August, 2013	25	29th August, 2020
2013-2014	13th August, 2014	2nd September, 2014	25	12th September, 2021

Pursuant to notification no. G.S.R. 352(E) dated 10 May 2012, issued by Ministry of Corporate Affairs, the details of unclaimed and unpaid amount of Dividend due to the shareholders of the Company as of 13th August, 2014 in respect of the financial years 2008–2009, 2009–2010, 2010–2011, 2011–2012 and 2012–2013 are available on Company's website viz. [www.kfil.com](http://www.kfil.com)

**Procedure for dealing with unclaimed shares in terms of Clause 5A of the Listing Agreement**

Pursuant to SEBI Circular No. CIR/CFD/DIL/10/2010 dated 16th December, 2010 and Clause 5A of the Listing Agreement, the Company had sent reminder letters to those shareholders, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. These share certificates will be sent to eligible shareholders, if these shareholders submit necessary documents to the Company.

**Nominations in respect of shares held in physical form**

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

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

**Register National Electronic Clearing Services (NECS) Mandate**

RBI and SEBI have 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 Depository Participant and in physical form with the Company's Registrar and Share Transfer Agent, viz. Link Intime India Private Limited.

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

There are no convertible instruments outstanding as on 31st March, 2015 for conversion into equity shares.

**13. Plant Locations**

1. Bevinahalli Village, P.O. Hitnal, Taluka and District Koppal, Karnataka 583234
2. Hotgi Road, Shivashahi, Solapur, Maharashtra 413224

## DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

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

Pursuant to Clause 49(II)(E)(ii) of the Listing Agreement, I hereby declare that all Board members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board and made effective from 1st April, 2014. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

For Kirloskar Ferrous Industries Limited,



Ravindranath V. Gumaste  
Managing Director

Pune : 28th April, 2015

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## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by Kirloskar Ferrous Industries Limited ("the Company") for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement with BSE Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 M/s P. G. Bhagwat  
Chartered Accountants  
Firm Registration No. 101118W

S.B. Pagad  
Partner  
Membership No.206124

Pune : 28th April, 2015

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIRLOSKAR FERROUS INDUSTRIES LIMITED**

### **Report on the Financial Statements:**

We have audited the accompanying financial statements of **KIRLOSKAR FERROUS INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, 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 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 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.

### **Auditors' Responsibility:**

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

### **Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profits 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2015, we give in the Annexure 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 by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid 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) In our opinion, there are no financial transactions or other matters which have an adverse effect on the functioning of the Company.
  - (f) On the basis of the written representations received from the Directors as on 31st March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (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 disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s P. G. Bhagwat  
Chartered Accountants  
Firm Registration No. 101118W

S.B. Pagad  
Partner  
Membership No.206124

Pune : 28th April, 2015

## **ANNEXURE TO THE AUDITORS' REPORT**

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 is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As informed to us, the fixed assets have been physically verified by the Management at reasonable intervals and the discrepancies noticed during such physical verification were not material and the same have been properly dealt with in the books of account.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the Management. In our opinion, the frequency of verification is reasonable. Stocks lying with third parties at the year-end have been confirmed;
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and as informed to us no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits and hence the provisions of Sections 73 to 76 of the Act are not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of Section 148 of the Act, and we are of the opinion that prima facie such accounts and records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess and any other statutory dues with the appropriate authorities. According to information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31st March, 2015 for a period of more than six months from the date they became payable.
- (b) According to information and explanation given to us, there are amounts of Excise Duty, Value Added Tax, Service Tax and Income Tax which have not been deposited on account of dispute as listed below:

Sl. No	Name of the statute	Nature of the dues	Amount (₹)	Forum where dispute is pending
1	The Central Excise Act, 1944	Duty on pattern development charges	342,068	CESTAT, Bangalore
2	The Central Excise Act, 1944	Interest on refund	341,496	Assistant Commissioner of Central Excise, Bellary
3	The Central Excise Act, 1944	Cenvat Credit issues	1,117,174	Assistant Commissioner, Central Excise, Bellary
4	The Central Excise Act, 1944	Cenvat credit availed on Steel	9,933,307	CESTAT, Bangalore
5	The Central Excise Act, 1944	Cenvat Credit issues	467,910	Commissioner of Central Excise, Belgaum
6	The Central Excise Act, 1944	Cenvat Credit issues	87,726	Commissioner of Central Excise (Appeals), Mysore
7	The Central Excise Act, 1944	Cenvat Credit on writeoffs	1,023,603	Additional Commissioner, Central Excise, Belgaum,
8	The Finance Act, 1994	Cenvat Credit utilised for Service Tax payment	14,856,255	Commissioner of Central Excise, Belgaum
9	The Finance Act, 1994	Cenvat Credit issues	772,188	Assistant Commissioner of Central Excise, Bellary
10	The Finance Act, 1994	Penalty on Freight Outward	2,992,835	CESTAT, Bangalore
11	The Finance Act, 1994	Service Tax Credit on Expenses	20,734	Commissioner of Central Excise (Appeals), Mysore
12	The Finance Act, 1994	Cenvat Credit issues	161,633	Assistant Commissioner of Central Excise, Bellary
13	The Finance Act, 1994	Service Tax demand on Interest	11,496,454	CESTAT, Bangalore
14	The Finance Act, 1994	Service Tax demand on Interest	1,887,734	Commissioner of Central Excise, Belgaum
15	The Customs Act, 1962	Refund of customs duty	337,883	Commissioner of Custom (Appeals), Bangalore
16	The Income Tax Act, 1961	Prior period Expenses disallowed	4,250,990	Hon'ble High Court Mumbai
17	The Income Tax Act, 1961	Levy of Penalty	4,228,469	Commissioner of Income Tax (Appeals), Pune
18	The Income Tax Act, 1961	Royalty and Depreciation allowance	94,873,362	Commissioner of Income Tax (Appeals), Pune
19	The Karnataka VAT Act, 2003	Interest on Input tax credit on purchases	1,479,449	The Karnataka Appellate Tribunal, Bangalore
20	The Karnataka VAT Act, 2003	Input tax credit on purchases	52,730,656	Local Vat Officer, Koppal
21	The Central Excise Act, 1944	Valuation of excisable goods	1,876,214	CESTAT, Mumbai
22	The Central Excise Act, 1944	Refund of Interest	714,462	CESTAT, Mumbai
23	The Maharashtra VAT Act, 2002	VAT set off disallowed	183,941	Joint Commissioner of Sales Tax, Kolhapur

- (c) The amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under have been transferred to such fund within time.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year;
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding debentures or any outstanding loans from financial institution during the year;
- (x) As informed to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions;
- (xi) In our opinion, the term loans were applied for the purpose for which the loans were obtained;
- (xii) According to information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For M/s P. G. Bhagwat  
Chartered Accountants  
Firm Registration No. 101118W

S.B. Pagad  
Partner  
Membership No.206124

Pune : 28th April, 2015

## BALANCE SHEET AS AT 31st MARCH, 2015

Particulars	Note No.	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	686,540,405	686,540,405
Reserves and surplus	4	3,863,803,713	3,577,816,674
		4,550,344,118	4,264,357,079
<b>Non-current liabilities</b>			
Long-term borrowings	5	99,999,975	602,309,660
Deferred tax liabilities (Net)	6	730,593,171	641,763,510
		830,593,146	1,244,073,170
<b>Current liabilities</b>			
Short-term borrowings	7	724,983,937	941,617,499
Trade payables	8	2,017,115,503	2,455,894,665
Other current liabilities	9	884,254,744	766,787,448
Short-term provisions	10	267,634,609	243,064,642
		3,893,988,793	4,407,364,254
<b>TOTAL</b>		9,274,926,057	9,915,794,503
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	5,386,731,370	5,449,895,220
Intangible assets	12	31,858,065	13,867,628
Capital work-in-progress		304,273,898	226,663,964
Intangible assets under development		8,230,340	700,000
Non-current investments	13	100	100
Long-term loans and advances	14	132,443,919	114,409,470
Other non-current assets	15	466,672	899,643
		5,864,004,364	5,806,436,025
<b>Current assets</b>			
Inventories	16	1,183,357,921	1,622,838,969
Trade receivables	17	1,765,037,096	1,902,842,135
Cash and bank balances	18 A	101,054,366	115,241,457
Short-term loans and advances	19	358,647,276	465,689,356
Other current assets	20	2,825,034	2,746,561
		3,410,921,693	4,109,358,478
<b>TOTAL</b>		9,274,926,057	9,915,794,503

Significant Accounting Policies

2

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat  
Chartered Accountants

ATUL C. KIRLOSKAR  
Chairman  
DIN 00007387

R.V.GUMASTE  
Managing Director  
DIN 00082829

S.B.PAGAD  
Partner

C.S.PANICKER  
Company Secretary

R.S.SRIVATSAN  
Chief Financial Officer

Pune: 28th April, 2015

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015**

Particulars	Note No.	For the Year ended 31st March, 2015 ₹	For the Year ended 31st March, 2014 ₹
<b>INCOME</b>			
Revenue from operations (Gross)		<b>15,385,284,058</b>	13,901,172,668
Less: Excise Duty		<b>1,734,360,207</b>	1,579,562,143
Revenue from operations (Net)	<b>21</b>	<b>13,650,923,851</b>	12,321,610,525
Other income	<b>22</b>	<b>31,096,825</b>	30,749,656
Total Revenue		<b>13,682,020,676</b>	12,352,360,181
<b>EXPENSES</b>			
Cost of materials consumed	<b>23</b>	<b>8,266,922,285</b>	7,861,815,549
Changes in inventories of	<b>24</b>		
a. Finished goods		<b>(13,967,451)</b>	124,387,663
b. By-Products		<b>(3,510,808)</b>	13,025,681
c. Work-in-Progress		<b>(13,107,416)</b>	(36,862,853)
Employee benefits expense	<b>25</b>	<b>651,925,937</b>	495,628,397
Finance costs	<b>26</b>	<b>297,987,720</b>	229,050,128
Depreciation and amortisation expense	<b>27</b>	<b>504,189,526</b>	337,857,005
Other expenses	<b>28</b>	<b>3,273,135,588</b>	2,747,592,353
Total Expenses		<b>12,963,575,381</b>	11,772,493,923
Profit before tax		<b>718,445,295</b>	579,866,258
Tax expense:			
Current Tax		<b>152,635,238</b>	119,906,308
MAT credit Entitlement		<b>(15,783,466)</b>	(65,426,281)
Deferred tax		<b>88,829,661</b>	127,009,281
<b>Profit for the Period</b>		<b>492,763,862</b>	398,376,950
Earnings per equity share:	<b>30</b>		
Basic and Diluted		<b>3.59</b>	2.90

Significant Accounting Policies

2

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat  
Chartered Accountants

ATUL C. KIRLOSKAR  
Chairman  
DIN 00007387

R.V.GUMASTE  
Managing Director  
DIN 00082829

S.B.PAGAD  
Partner

C.S.PANICKER  
Company Secretary

R.S.SRIVATSAN  
Chief Financial Officer

Pune: 28th April, 2015

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

Particulars	2014-15 ₹	2013-14 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax		718,445,295
Add :		579,866,258
Depreciation	504,189,526	337,857,005
(Profit) / Loss on sale of assets	16,997,677	(6,127,952)
Provision for doubtful debts	20,508,854	(2,866,158)
Bad debts written off	1,151,859	2,866,158
Unrealised Foreign exchange (Gain)/Loss	497,831	(308,357)
Finance Costs	297,987,720	229,050,128
	<b>841,333,467</b>	560,470,824
Less :		1,140,337,082
Rental Income	(1,822,506)	(1,432,200)
Interest income	(16,785,757)	(9,438,137)
Dividend income	(50)	(50)
Provision no longer required written back	(4,586,895)	(6,998,611)
Sundry credit balances appropriated	(662,555)	(1,035,985)
	<b>(23,857,763)</b>	(18,904,983)
Operating profit before working capital changes		1,121,432,099
Movements in working capital:		
Decrease / (Increase) in Inventories	439,481,048	(75,050,476)
Decrease / (Increase) in Trade Receivables	116,144,326	(371,170,971)
Decrease / (Increase) in Long Term Loans and Advances	(6,534,048)	22,610,331
Decrease / (Increase) in Short Term Loans and Advances	103,413,076	2,888,437
Decrease / (Increase) in Other Current and non-current Assets	370,626	(330,515)
Increase / (Decrease) in Trade Payables	(451,735,903)	484,646,401
Increase / (Decrease) in Other Current Liabilities	(13,464,848)	25,717,646
Increase / (Decrease) in Short Term Provisions	18,597,632	(11,938,521)
	<b>206,271,909</b>	77,372,332
Cash generated from operations		1,198,804,431
Taxes paid		(125,097,684)
<b>Net cash from operating activities ( A )</b>		1,073,706,747
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets, including CWIP and capital advances	(574,488,153)	(873,818,979)
Proceeds from sale of fixed assets	(9,974,438)	9,643,046
Interest received	16,769,629	8,993,825
Dividend received	50	50
Rental Income	1,822,506	1,432,200
<b>Net cash used in investing activities ( B )</b>		(853,749,858)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Interest and other borrowing cost paid	(289,512,055)	(248,892,938)
Proceeds from Long Term Borrowings(Net)	(352,309,687)	49,999,991
Increase/(Decrease) in Cash Credit	(125,560,503)	155,917,655
Increase/(Decrease) in Short Term Vendors' Bill Discounting	(91,073,059)	(11,524,095)
Dividend paid	(169,662,135)	(166,856,957)
Tax on dividend paid	(29,169,386)	(29,169,386)
<b>Net cash from financing activities ( C )</b>		(250,525,730)
<b>Net Increase/(Decrease) in cash and cash equivalents ( A + B + C )</b>		(30,568,841)
<b>Cash and Cash Equivalents at the beginning of the year (Refer Note 18(A))</b>	115,241,457	145,810,298
<b>Cash and Cash Equivalents at the end of the year (Refer Note 18(A))</b>	101,054,366	115,241,457

### Notes:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement.

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat  
Chartered Accountants

ATUL C. KIRLOSKAR  
Chairman  
DIN 00007387

R.V.GUMASTE  
Managing Director  
DIN 00082829

S.B.PAGAD  
Partner

C.S.PANICKER  
Company Secretary

R.S.SRIVATSAN  
Chief Financial Officer

Pune: 28th April, 2015

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

### **1. Basis of preparation of financial statements**

- a. The financial statements have been prepared and presented in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention.
- b. The financial statements have been prepared to comply in all material respects with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.
- c. The Company follows mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- d. The accounting policies applied by the Company are consistent with those used in the previous year.

### **2. Summary of significant accounting policies:**

#### **a. Use of Estimates**

Estimates and assumptions used in the preparation of the financial statements are based on management's evaluation of the relevant facts and circumstances as at the date of the Financial Statements, which may differ from the actual results at a subsequent date.

#### **b. Fixed Assets**

- i. Tangible fixed assets are stated at original cost net of accumulated depreciation and impairment loss, if any. The cost of the fixed asset includes the purchase price and the incidental or directly attributable expenses incurred in bringing the asset to its working condition for its intended use.
- ii. 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.
- iii. 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 capitalized.
- iv. Intangible assets expected to provide future enduring economic benefits are recorded at the value of consideration paid for acquisition of such assets and are carried at cost of acquisition net of accumulated depreciation and impairment loss, if any.
- v. Cost of fixed assets not ready for use before the Balance Sheet date is disclosed as capital work-in-progress.

#### **c. Depreciation and Amortisation**

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

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

- ii. Freehold land is not depreciated.
- iii. In the event of sale / retirement of assets, depreciation is provided up to the date of sale / retirement.
- iv. The Mining Right acquired by the Company is amortised over 11 years being the period of lease.
- v. Computer software recognised as intangible asset is amortised on straight line method over an estimated useful life of 6 years.

**d. Operating leases**

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

**e. Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

- i. Current Investments are carried at lower of cost and fair value determined on an individual investment basis.
- ii. Long-term investments are carried at cost.

**f. Inventories**

- i. Raw Materials, Stores and Spares are valued at lower of cost and net realizable value. Cost is determined using Weighted Average method.
- ii. Work in process and finished goods other than by-products are valued at lower of cost and net realisable value. Cost is arrived at by absorption cost method.
- iii. By-products are valued at net realisable value.

- iv. Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the Management and the value of inventory is net of such provision.
- v. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**g. 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.
- 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 income or expense over the period of the contract.

**h. 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. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Dividend income is recognised when the Company's right to receive dividend is established.
- iv. Lease income in respect of "Operating Lease" is recognised in the Statement of Profit and Loss on a straight-line basis over the lease terms.
- v. All other income are accounted for on accrual basis.

**i. Borrowing Costs**

Borrowing costs are charged to Statement of Profit and Loss 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 recognised as borrowing cost to the extent that they are regarded as an adjustment to interest costs as per AS 16 Borrowing Costs.

**j. Excise Duty**

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

**k. Employee Benefits**

- i. Short Term Employee Benefits:

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

ii. **Post Employment Benefits:**

a. **Defined Contribution Plan:**

The Company's approved Superannuation Scheme and Central Government Provident Fund Scheme, are defined contribution plans. The contribution paid / payable under the schemes are recognised during the period in which the employee renders the related service.

b. **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.

**I. Taxes on Income**

- i. Deferred tax is recognised on timing differences between the accounting income and the taxable income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised 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.

- ii. Provision for current tax is made on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961.
- iii. Advance taxes and provisions for current Income Tax are presented in the Balance Sheet after setting off advance taxes paid and Income Tax provision arising in the same tax jurisdiction and the Company intends to settle the assets and liabilities on a net basis.
- iv. Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period of MAT credit entitlement as per the Income-tax Act, 1961. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**m. Research and Development Expenses**

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

**n. Earnings Per Share**

Basic Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

**o. Provisions and Contingencies**

- i. Necessary provisions are made for the present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.
- ii. However, a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision is made.

**p. Cash and cash equivalents**

Cash and cash equivalents for the purposes of Cash Flow Statement comprise cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**q. Impairment of Asset**

The Company assesses at each Balance Sheet date whether there is any indication due to internal or external factors than an asset or a group of asset comprising a Cash Generating Unit(CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount (economic value in use) of the CGU, to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at any subsequent Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the Statement of Profit and Loss.

**3.**

<b>SHARE CAPITAL</b>	<b>As at 31st March</b>	
	<b>2015</b> ₹	<b>2014</b> ₹
<b>Authorised Share Capital</b>		
210,000,000 (210,000,000) Equity Shares of ₹ 5 each	<b>1,050,000,000</b>	1,050,000,000
117,000,000 (117,000,000) Preference Shares of ₹ 10 each	<b>1,170,000,000</b>	1,170,000,000
<b>Total</b>	<b>2,220,000,000</b>	2,220,000,000
<b>Issued, Subscribed and Paid up Capital</b>		
137,308,081 (137,308,081) Equity Shares of ₹ 5 each	<b>686,540,405</b>	686,540,405
<b>Total</b>	<b>686,540,405</b>	686,540,405

**a. Reconciliation of the shares at the beginning and at the end of the reporting period.**

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Number	₹	Number	₹
Equity shares				
Balance at the beginning of the year	137,308,081	686,540,405	137,308,081	686,540,405
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Balance at the end of the year	137,308,081	686,540,405	137,308,081	686,540,405

**b. Rights and preferences attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Equity shares held by holding company**

Name of Shareholder	Year ended 31st March, 2015		Year ended 31st March, 2014	
	No. of shares held	Percentage of holding	No. of shares held	Percentage of holding
Kirloskar Industries Limited*	70,613,876	51.43	70,613,876	51.43

\* Kirloskar Industries Limited is the only shareholder holding more than 5 percent of the total equity shares.

4.

RESERVES AND SURPLUS		As at 31st March	
		2015 ₹	2014 ₹
<b>a. Securities Premium Reserve</b>		<b>1,938,379,992</b>	1,938,379,992
	<b>Total (a)</b>	<b>1,938,379,992</b>	1,938,379,992
<b>b. General Reserves</b>			
Opening Balance		300,000,000	250,000,000
Add: Current year transfer from Surplus		50,000,000	50,000,000
Closing Balance	<b>Total (b)</b>	<b>350,000,000</b>	300,000,000
<b>c. Surplus-Balance in the Statement of Profit and Loss</b>			
Opening Balance		1,339,436,682	1,191,864,220
Additions :			
Net Profit for the current year		492,763,862	398,376,950
Deductions :			
Proposed dividend on equity shares for the period @ ₹1.25 (PY ₹1.25) per share		(171,635,102)	(171,635,102)
Tax on above dividend		(35,141,721)	(29,169,386)
Transfer to General Reserves		(50,000,000)	(50,000,000)
Closing Balance	<b>Total (c)</b>	<b>1,575,423,721</b>	1,339,436,682
	<b>Total (a+b+c)</b>	<b>3,863,803,713</b>	3,577,816,674

5. LONG TERM BORROWINGS	As at 31st March	
	2015 ₹	2014 ₹
<b>a. Secured</b>		
Term Loans		
From Bank	<b>99,999,975</b>	199,999,981
Other Loans		
From Bank under Buyers' Credit	-	252,309,679
<b>Total (a)</b>	<b>99,999,975</b>	<b>452,309,660</b>
<b>b. Unsecured</b>		
Term loans		
From Bank	-	150,000,000
<b>Total (b)</b>	-	150,000,000
<b>Total (a+b)</b>	<b>99,999,975</b>	<b>602,309,660</b>

**a. Security for Term Loans / Buyers Credit:**

- (i) Secured Term Loan of ₹ 233,333,319 availed from BNP Paribas (Previous year from Bank of Maharashtra) is secured by an exclusive first charge by way of hypothecation in favour of IDBI Trusteeship Services Limited as Security Trustee for the benefit of BNP Paribas, on Hot Blast Stove for MBF-I, Hot Blast Stove for MBF-II, Boiler and Turbo Generator - 5 MW capacity installed at Bevinahalli Village, Koppal District, Karnataka. The loan amount is repayable in 28 equal monthly installments on the last working day of each month. The rate of interest payable is 9.55 percent per annum. The balance outstanding as at 31st March, 2015 is ₹ 199,999,983, out of which an amount of ₹ 100,000,008 being repayable within 12 months from the reporting date, has been reflected under Other Current Liabilities as "Current Maturities of Long Term Borrowings".
- (ii) Buyers' Credit of US\$ 9,447,647.49 equivalent ₹ 504,619,357 as given below, availed from The Hongkong and Shanghai Banking Corporation Limited (HSBC) is secured by way of hypothecation in favour of IDBI Trusteeship Services Limited as Security Trustee for the benefit of HSBC, on the following specific assets installed at Bevinahalli Village, Koppal District, Karnataka. The Balance outstanding as at 31st March, 2015 is ₹ 252,309,680 which amount being repayable within 12 months from the reporting date, has been reflected under Other Current Liabilities as "Current Maturities of Long Term Borrowings".

Asset Hypothecated	Amount of Loan US\$	Amount of Loan Equivalent ₹	Repayment Schedule and Interest Rate
Core Center Equipment	4,201,752.59	224,016,439	Four equal installments commencing from 8th July, 2014 and the last installment on 29th December, 2015 with a rate of interest at Libor plus 1 percent per annum.
Moulding Plant Equipment	5,245,894.90	280,602,918	Four equal installments commencing from 31st July, 2014 and the last installment on 9th October, 2015 with a rate of interest at Libor plus 1 percent per annum.
<b>Total</b>	<b>9,447,647.49</b>	<b>504,619,357</b>	

- b.** Unsecured term loan of ₹ 150,000,000 has been availed from BNP Paribas for a tenure of 14 months (ie. repayable on 20th May, 2015) at interest rate of 10 percent per annum. Interest payable monthly and Bullet repayment of principal amount at the end of tenure. The entire amount being repayable within 12 months from the reporting date, has been reflected under Other Current Liabilities as "Current Maturities of Long Term Borrowings".

6. DEFERRED TAX LIABILITY ( NET )	As at 31st March	
	2015 ₹	2014 ₹
<b>a. Deferred Tax Liability</b>		
Depreciation	756,481,224	654,454,648
Others	540,675	156,219
Total Liability (a)	757,021,899	654,610,867
<b>b. Deferred Tax Assets</b>		
Disallowance under Section 43 B of Income Tax Act	13,940,214	7,549,976
Provision for doubtful debts	12,488,514	5,297,381
Total Assets (b)	26,428,728	12,847,357
Net Deferred Tax Liability ( a - b )	730,593,171	641,763,510

7. SHORT TERM BORROWINGS	As at 31st March	
	2015 ₹	2014 ₹
<b>a) Secured</b>		
Loans payable on demand		
Cash Credit from banks	724,983,937	850,544,440
<b>Total (a)</b>	724,983,937	850,544,440
<b>b) Unsecured</b>		
Loans payable on demand		
Vendors' bills discounted	-	91,073,059
<b>Total (b)</b>	-	91,073,059
<b>Total ( a + b )</b>	724,983,937	941,617,499

**Security for Secured Loans :**

Working capital facilities with consortium banks (fund based and non fund based) aggregating to ₹ 4,500,000,000 (previous year ₹ 4,500,000,000) 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.

Particulars	As at 31st March	
	2015 ₹	2014 ₹
Outstanding amount under non fund based limits :		
i. Aggregate value of the amount outstanding under the letters of credit	1,179,658,983	1,621,972,724
ii. Aggregate value of guarantees outstanding	22,050,000	27,606,000

8. TRADE PAYABLES	As at 31st March	
	2015 ₹	2014 ₹
a. Acceptances	1,159,933,608	1,050,987,751
b. Others	857,181,895	1,404,906,914
<b>Total</b>	2,017,115,503	2,455,894,665

9.

OTHER CURRENT LIABILITIES	As at 31st March	
	2015 ₹	2014 ₹
a. Creditors for capital goods		
i. Acceptances	17,853,067	5,721,828
ii. Others	79,435,857	103,375,222
b. Current Maturities of Long Term Borrowings (Refer Note no.5a(i) and 5a(ii))	502,309,686	352,309,688
c. Interest accrued but not due on borrowings	4,050,174	8,695,974
d. Other payables		
i. Taxes and duties	27,214,877	30,781,853
ii. Payable to employees	103,527,611	53,870,043
iii. Creditors for expenses	63,923,477	58,556,413
iv. Unclaimed dividend #	21,038,178	19,065,211
v. Advance from customers	56,223,043	109,009,372
vi. Exchange differences on forward contracts	8,678,774	25,401,844
<b>Total</b>	<b>884,254,744</b>	<b>766,787,448</b>

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

Disclosure in respect of principal and interest pertaining to the "Micro, Small and Medium Enterprises Development Act, 2006". The information has been given in respect of such vendors on the basis of information available with the Company:

Particulars	As at 31st March	
	2015 ₹	2014 ₹
Total outstanding to MSME Suppliers (not due)	57,835,912	23,566,436
Principal amount due remaining unpaid		
i. Trade payables	-	-
ii. Creditors for capital goods	-	-
Interest on above and unpaid interest	-	-
Interest paid	-	64,172
Payment made beyond the appointed day	-	12,712,087
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

10.

SHORT TERM PROVISIONS	As at 31st March	
	2015 ₹	2014 ₹
a. Provision for employee benefits (Refer Note No. 31)		
i. Contribution to Provident and Superannuation funds	5,831,471	5,590,312
ii. Gratuity	17,974,254	2,835,068
iii. Leave encashment	36,753,399	33,651,166
b. Others		
i. Proposed dividend	171,635,102	171,635,102
ii. Tax on proposed dividend	35,141,721	29,169,386
iii. Wealth tax	298,662	183,608
<b>Total</b>	<b>267,634,609</b>	<b>243,064,642</b>

# 11. TANGIBLE ASSETS

(Amount in ₹)

Assets	Freehold land	Leasehold land	Buildings	Plant & Equipments	Plant & Equipments under Lease	Furniture & Fixtures	Vehicles	Office equipments	Computers	Total
Gross Block										
As at 31st March, 2013	42,708,561	44,205,001	930,415,666	5,250,242,067	3,900,774	13,063,392	24,863,379	25,522,127	15,800,741	6,350,721,708
Additions	2,497,859	-	395,556,771	1,709,895,347	-	702,048	1,916,890	3,492,010	1,074,307	2,115,135,232
Disposals	-	-	-	68,892,932	-	-	2,193,671	184,608	-	71,271,211
As at 31st March, 2014	45,206,420	44,205,001	1,325,972,437	6,891,244,482	3,900,774	13,765,440	24,586,598	28,829,529	16,875,048	8,394,585,729
Additions	3,356,085	-	159,264,529	226,187,675	-	10,633,766	14,109,456	26,403,658	2,793,938	442,749,107
Disposals	-	-	48,389	54,484,806	-	2,191,263	2,288,014	12,931,932	262,080	72,206,484
As at 31st March, 2015	48,562,505	44,205,001	1,485,188,577	7,062,947,351	3,900,774	22,207,943	36,408,040	42,301,255	19,406,906	8,765,128,352
Depreciation										
As at 31st March, 2013	-	-	327,336,479	2,307,645,001	2,067,579	9,076,833	7,975,367	13,253,851	11,613,679	2,678,968,789
For the year	-	-	29,128,950	296,637,267	780,155	350,145	4,004,978	1,538,820	1,037,520	333,477,835
Disposals	-	-	-	66,913,306	-	-	800,963	41,846	-	67,756,115
As at 31st March, 2014	-	-	356,465,429	2,537,368,962	2,847,734	9,426,978	11,179,382	14,750,825	12,651,199	2,944,690,509
For the year	-	-	91,896,359	382,274,386	780,155	1,648,927	6,316,261	12,890,434	3,083,196	498,889,718
Disposals	-	-	48,377	49,055,680	-	2,171,080	1,059,513	12,586,526	262,069	65,183,245
As at 31st March, 2015	-	-	448,313,411	2,870,587,668	3,627,889	8,904,825	16,436,130	15,054,733	15,472,326	3,378,396,982
Net Block										
As at 31st March, 2015	48,562,505	44,205,001	1,036,875,166	4,192,359,683	272,885	13,303,118	19,971,910	27,246,522	3,934,580	5,386,731,370
As at 31st March, 2014	45,206,420	44,205,001	969,507,008	4,353,875,520	1,053,040	4,338,462	13,407,216	14,078,704	4,223,849	5,449,895,220

Notes:

- Depreciation on assets whose useful life has already been exhausted before 1st April, 2014 due to prescription of useful life as per Schedule II to the Companies Act, 2013 has been charged off to Statement of Profit and Loss. Due to this, the depreciation for the year is higher by ₹ 79,081,461/-.
- The Company has revised depreciation rates on fixed assets according to the useful life as specified in the Schedule II to the Companies Act, 2013 or on the basis of its assessment made by the Company as permitted by said Schedule. Had there been no change in the depreciation rate, the depreciation charge for the year ended 31st March, 2015 would have been lower by ₹ 27,111,143/-.

**12. INTANGIBLE ASSETS**

(Amount in ₹)

Assets	Mining Rights	Computer Software	Total
Gross Block			
As at 31 March, 2013	1,150,000	30,145,993	31,295,993
Additions	-	6,339,669	6,339,669
Disposals/Adjustments	-	-	-
As at 31st March, 2014	1,150,000	36,485,662	37,635,662
Additions	-	23,290,245	23,290,245
Disposals	-	-	-
<b>As at 31st March, 2015</b>	<b>1,150,000</b>	<b>59,775,907</b>	<b>60,925,907</b>
Depreciation			
As at 31 March, 2013	584,321	18,804,545	19,388,866
For the year	104,190	4,274,978	4,379,168
Disposals	-	-	-
As at 31st March, 2014	688,511	23,079,523	23,768,034
For the year	104,692	5,195,116	5,299,808
Disposals	-	-	-
<b>As at 31st March, 2015</b>	<b>793,203</b>	<b>28,274,639</b>	<b>29,067,842</b>
Net Block			
<b>As at 31st March, 2015</b>	<b>356,797</b>	<b>31,501,268</b>	<b>31,858,065</b>
As at 31st March, 2014	461,489	13,406,139	13,867,628

**13. NON CURRENT INVESTMENTS**

	As at 31st March	
	2015 ₹	2014 ₹
Long Term Investments - Trade - Unquoted Fully Paid Equity Shares Kirloskar Proprietary Limited One Equity Share with a Face Value of ₹ 100 per share	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

**14. LONG TERM LOANS AND ADVANCES**

	As at 31st March	
	2015 ₹	2014 ₹
a. Capital advances		
Unsecured, considered good	41,765,236	30,264,835
b. Security deposits		
Unsecured, considered good	79,045,812	79,086,416
c. Other loans and advances		
i. Unsecured and considered good		
Advance to Suppliers	7,050,000	-
Loans to employees	1,525,425	2,000,773
Claims receivable	3,057,446	3,057,446
ii. Doubtful		
Claims receivable	4,500,000	4,500,000
Less: Provision	(4,500,000)	(4,500,000)
<b>Total</b>	<b>132,443,919</b>	<b>114,409,470</b>

15. OTHER NON CURRENT ASSETS	As at 31st March	
	2015 ₹	2014 ₹
a. Non-current Bank Balances (Refer Note No.18B)	367,046	737,672
b. Interest Accrued on Deposits	99,626	161,971
c. Long term trade receivables		
Unsecured, considered doubtful	31,593,967	11,085,113
Less: Provision therefor	(31,593,967)	(11,085,113)
<b>Total</b>	<b>466,672</b>	<b>899,643</b>

16. INVENTORIES	As at 31st March	
	2015 ₹	2014 ₹
a. i Raw material at site	400,932,887	364,813,057
ii Raw material in transit	76,900,622	636,000,062
	477,833,509	1,000,813,119
b. Work-in-progress	256,122,463	243,015,047
c. Finished goods	94,605,688	80,638,237
d. Stores and spares	326,062,142	273,149,255
e. By-Products	28,734,119	25,223,311
<b>Total</b>	<b>1,183,357,921</b>	<b>1,622,838,969</b>

For mode of valuation, refer Note 2(f) - Significant Accounting Policies.

Details of Work-in-progress

Particulars	As at 31st March	
	2015 ₹	2014 ₹
a. Castings	204,118,555	192,115,356
b. Patterns	45,196,916	41,595,164
c. Others	6,806,992	9,304,527
<b>Total</b>	<b>256,122,463</b>	<b>243,015,047</b>

Details of Finished Goods

Particulars	As at 31st March	
	2015 ₹	2014 ₹
a. Pig iron	93,333,124	79,561,285
b. Others	1,272,564	1,076,952
<b>Total</b>	<b>94,605,688</b>	<b>80,638,237</b>

17. TRADE RECEIVABLES	As at 31st March	
	2015 ₹	2014 ₹
- Unsecured, considered good		
a. Trade receivables outstanding for a period exceeding six months from the date they are due for payment	<b>16,092,933</b>	21,141,552
b. Others*	<b>1,748,944,163</b>	1,881,700,583
<b>Total</b>	<b>1,765,037,096</b>	1,902,842,135

\* Net of Sales bills discounted ₹ 211,436,101 (Previous year Nil).

18. CASH AND BANK BALANCES	As at 31st March	
	2015 ₹	2014 ₹
A. Current		
Cash and Cash Equivalents		
I. Cash on hand	<b>409,496</b>	363,101
II. Balances with banks		
In Current Accounts	<b>79,606,692</b>	95,813,145
Earmarked balances (Unpaid Dividend Accounts)	<b>21,038,178</b>	19,065,211
<b>Total (A)</b>	<b>101,054,366</b>	115,241,457
B. Non-current		
Other Bank Balances		
I. Margin money deposit	<b>117,046</b>	117,046
II. Deposits with more than 12 months maturity	<b>250,000</b>	620,626
<b>Total (B)</b>	<b>367,046</b>	737,672

19. SHORT TERM LOANS AND ADVANCES	As at 31st March	
	2015 ₹	2014 ₹
Unsecured, considered good		
a. Advance Income Tax (Net of provision)	<b>98,233,287</b>	115,615,394
b. MAT Credit Entitlement	<b>79,179,384</b>	65,426,281
c. Advances recoverable in cash/kind	<b>40,114,821</b>	111,537,009
d. Balances with Central Excise / Customs	<b>51,091,843</b>	82,692,406
e. Balances with Vat Authorities	<b>79,650,469</b>	79,297,170
f. Prepaid expenses	<b>10,377,472</b>	11,121,096
<b>Total</b>	<b>358,647,276</b>	465,689,356

20.	OTHER CURRENT ASSETS	As at 31st March	
		2015	2014
		₹	₹
	Interest accrued on deposits	2,825,034	2,746,561
	<b>Total</b>	<b>2,825,034</b>	<b>2,746,561</b>

21.	REVENUE FROM OPERATIONS	For the Year ended 31st March	
		2015	2014
		₹	₹
	a. Sale of products		
	i. Pig Iron	9,494,338,984	8,074,878,525
	ii. Castings*	5,374,609,329	5,224,497,153
	iii. By-products	411,879,445	461,215,424
	b. Other Operating Income		
	i. Scrap Sales	80,238	234,080
	ii. Miscellaneous	104,376,062	140,347,486
		15,385,284,058	13,901,172,668
	Less: Excise duty	1,734,360,207	1,579,562,143
	<b>Total</b>	<b>13,650,923,851</b>	<b>12,321,610,525</b>

Product wise sales details (excluding excise duty)

Particulars	For the Year ended 31st March	
	2015	2014
	₹	₹
a. Pig iron	8,436,590,035	7,173,871,585
b. Castings*	4,744,566,297	4,600,371,831
c. Others	469,767,519	547,367,109
<b>Total</b>	<b>13,650,923,851</b>	<b>12,321,610,525</b>

\* Sale value of Castings of previous year is excluding revenue from trial runs.

22.	OTHER INCOME	For the Year ended 31st March	
		2015	2014
		₹	₹
	a. Interest	16,785,757	9,438,137
	b. Dividend	50	50
	c. Profit on sale of Assets (Net)	-	6,127,952
	d. Net Gain on Foreign currency transactions	2,228,859	-
	e. Other non-operating income		
	i. Rental income ##	1,822,506	1,432,200
	ii. Insurance claim received	-	70,100
	iii. Provision no longer required written back	4,586,895	6,998,611
	iv. Sundry credit balances appropriated	662,555	1,035,985
	v. Miscellaneous income	5,010,203	5,646,621
	<b>Total</b>	<b>31,096,825</b>	<b>30,749,656</b>

##The 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 ₹ 434,170 for the year ended 31st March, 2015 ( Previous Year ₹ 857,784)

Particulars	For the Year ended 31st March	
	2015 ₹	2014 ₹
Lease rent receivable		
Not Later than one year	434,170	857,784
Later than one year and not later than five years	31,296	358,124
Later than five years	-	-

<b>23. COST OF MATERIALS CONSUMED</b>	For the Year ended 31st March	
	2015 ₹	2014 ₹
Stock at the beginning of the year	1,000,813,119	827,857,997
Add : Purchases	7,743,942,675	8,034,770,671
	8,744,755,794	8,862,628,668
Less : Stock at the end of the year	477,833,509	1,000,813,119
Cost of material consumed	8,266,922,285	7,861,815,549

Details of raw materials consumed	For the Year ended 31st March	
	2015 ₹	2014 ₹
a. Iron Ore	2,752,456,139	2,306,821,155
b. Coke	4,209,230,116	4,281,915,790
c. M.S/C.I. Scrap	1,135,891,084	1,083,487,123
d. Others	169,344,946	189,591,481
<b>Total</b>	8,266,922,285	7,861,815,549

<b>24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCTS</b>	For the Year ended 31st March	
	2015 ₹	2014 ₹
a. Finished goods		
At the end of the year	94,605,688	80,638,237
At the beginning of the year	80,638,237	205,025,900
(Increase)/Decrease	(13,967,451)	124,387,663
b. By-Products		
At the end of the year	28,734,119	25,223,311
At the beginning of the year	25,223,311	38,248,992
(Increase)/Decrease	(3,510,808)	13,025,681
c. Work-in Progress		
At the end of the year	256,122,463	243,015,047
At the beginning of the year	243,015,047	206,152,194
(Increase)/Decrease	(13,107,416)	(36,862,853)
Total (Increase) / Decrease (a+b+c)	(30,585,675)	100,550,491

25.	<b>EMPLOYEE BENEFITS EXPENSE</b>	<b>For the Year ended 31st March</b>	
		<b>2015</b>	<b>2014</b>
		₹	₹
	a. Salaries, wages and incentives	<b>533,157,430</b>	417,284,009
	b. Contributions to -		
	i. Provident Fund	<b>21,471,909</b>	20,651,708
	ii. Superannuation Scheme	<b>1,852,148</b>	1,864,181
	iii. Gratuity	<b>23,598,153</b>	(4,539,777)
	iv. Others	<b>1,345,186</b>	2,515,558
	c. Staff welfare expenses	<b>70,501,111</b>	57,852,718
	<b>Total</b>	<b>651,925,937</b>	495,628,397

26.	<b>FINANCE COSTS</b>	<b>For the Year ended 31st March</b>	
		<b>2015</b>	<b>2014</b>
		₹	₹
	a. Interest expense	<b>239,676,473</b>	139,631,682
	b. Other borrowing costs	<b>4,865,378</b>	3,407,987
	c. Applicable net loss on foreign currency transactions	<b>53,445,869</b>	86,010,459
	<b>Total</b>	<b>297,987,720</b>	229,050,128

27.	<b>DEPRECIATION AND AMORTISATION EXPENSE</b>	<b>For the Year ended 31st March</b>	
		<b>2015</b>	<b>2014</b>
		₹	₹
	a. Tangible assets	<b>498,889,718</b>	333,477,837
	b. Intangible assets	<b>5,299,808</b>	4,379,168
	<b>Total</b>	<b>504,189,526</b>	337,857,005

28. OTHER EXPENSES	For the Year ended 31st March	
	2015 ₹	2014 ₹
<b>a. OPERATIONAL EXPENSES</b>		
Consumption of Stores and Spares Parts	1,466,638,369	1,246,710,518
Power, fuel and water	991,007,004	892,167,031
Machinery hire charges	15,768,178	7,459,857
Repairs and maintenance		
- Machinery	96,590,420	75,676,435
- Buildings	16,396,193	13,285,993
MBF relining expenses	28,490,318	73,597,023
Fettling and other Manufacturing Expenses	241,856,683	193,864,142
Excise duty on Increase / (Decrease) in closing stock of finished goods	5,730,407	(17,050,330)
<b>Total (a)</b>	<b>2,862,477,572</b>	<b>2,485,710,669</b>
<b>b. SELLING EXPENSES</b>		
Freight and forwarding expenses ( Net )	91,414,831	58,632,927
Advertisement	723,329	511,913
Sales commission and incentive	91,020,268	47,553,875
Royalty	34,453,018	30,578,989
<b>Total (b)</b>	<b>217,611,446</b>	<b>137,277,704</b>
<b>c. ADMINISTRATIVE EXPENSES</b>		
Rent	1,107,347	881,941
Rates and taxes	15,120,552	11,077,827
Insurance	3,196,743	3,204,941
Other repairs and maintenance	6,041,677	5,711,903
Travelling expenses	19,585,235	17,186,749
Legal and professional charges	26,600,637	12,053,227
Communication expenses	6,712,936	5,777,456
Printing and stationery	5,954,597	4,868,902
Auditors remuneration (refer note (i) below)	3,083,785	1,986,740
Miscellaneous expenses (refer note (ii) below)	60,294,671	58,284,721
Directors' commission	5,550,000	2,400,000
Bad debts written off	1,151,859	2,866,158
Provision for doubtful debts	20,508,854	(2,866,158)
Directors sitting fees	1,140,000	650,000
Net Loss on Foreign currency transactions	-	519,573
Loss on assets sold, demolished, discarded and scrapped	16,997,677	-
<b>Total (c)</b>	<b>193,046,570</b>	<b>124,603,980</b>
<b>Total ( a+b+c)</b>	<b>3,273,135,588</b>	<b>2,747,592,353</b>

**Note (i) Details of payments to auditors**

Particulars	For the Year ended 31st March	
	2015 ₹	2014 ₹
a. As Auditors	2,250,000	1,475,000
b. For Taxation matters	38,020	32,871
c. For Certification fees and Other Services	727,250	403,000
d. Reimbursement of expenses	68,515	75,869
<b>Total</b>	<b>3,083,785</b>	<b>1,986,740</b>

**Note** (ii) Miscellaneous expenses include an amount of ₹ 16,324,719/- (previous year ₹ Nil) in respect of Corporate Social Responsibility (CSR) spend during the year. In absence of clear guidance on accounting treatment for CSR spend, the Board of Directors has decided to charge the same to the Statement of Profit and Loss.

**29. Prior Period Items**

Particulars	For the Year ended 31st March	
	2015 ₹	2014 ₹
The Statement of Profit and Loss includes following prior period expenses/(income) under the respective heads		
a. Cost of Materials consumed	665,179	174,992
b. Employee Benefit Expense	-	11,211
c. Other Expenses	720,884	203,384
d. Tax Expense	2,030,363	(1,659,875)

**30. Earnings per equity share as calculated in accordance with Accounting Standard (AS 20)**

Particulars	For the Year ended 31st March	
	2015	2014
a. Net Profit after tax considered for the calculation of EPS (₹)	492,763,862	398,376,950
b. Weighted average number of equity shares used in computing earnings per equity share	137,308,081	137,308,081
c. Earnings per share Basic and Diluted (₹)	3.59	2.90
d. Face Value per Equity Share (₹)	5.00	5.00

**31. Disclosure pursuant to Accounting Standard 15 (Revised) Employee Benefits:**

**Defined Contribution Plan:**

Contribution to the Defined Contribution Plan recognised as expense are as under:

Particulars	For the Year ended 31st March	
	2015 ₹	2014 ₹
a. Employer's contribution to provident fund	21,471,909	20,651,708
b. Employer's contribution to superannuation fund	1,852,148	1,864,181

The Provident Fund contributions are remitted to the Regional Provident Fund Commissioner.

The Contribution on account of Superannuation is remitted to Life Insurance Corporation of India, who manages the Superannuation Fund.

**32. Disclosure pursuant to Accounting Standard 15 (Revised) Employee Benefits:**

**Defined Benefit Plan:**

The Employee Gratuity Fund Scheme is a Defined Benefit Plan. The present value of the obligation is based on the actuarial valuation using Projected Unit Credit Method.

Particulars	Gratuity (Funded)	
	For the Year ended 31st March	
	2015 ₹	2014 ₹
a. Changes in the Present Value of Obligations (PVO)		
PVO at beginning of Period	109,685,096	111,473,895
Interest Cost	9,778,176	8,717,215
Current Service cost	8,914,891	8,467,810
Benefits Paid	(6,801,161)	(6,371,009)
Actuarial (Gain)/Loss on obligation	14,552,573	(12,602,815)
PVO at end of period	136,129,575	109,685,096
b. Changes in Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of period	106,850,028	96,558,217
Adjustment to Opening Fair Value of Plan Assets	(695,488)	3,071
Expected Return on Plan Assets	9,981,800	9,034,500
Contribution	9,154,455	7,537,762
Benefit Paid	(6,801,161)	(6,371,009)
Actuarial (Gain)/Loss on obligation	(334,313)	87,487
Fair Value of Plan Assets at the end of period	118,155,321	106,850,028
c. Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of period	106,850,028	96,558,217
Adjustment to Opening Fair Value of Plan Assets	(695,488)	3,071
Actual Return on Plan Assets	9,647,487	9,121,987
Contributions	9,154,455	7,537,762
Benefit Paid	(6,801,161)	(6,371,009)
Fair Value of Plan Assets at end of period	118,155,321	106,850,028
Funded Status	(17,974,254)	(2,835,068)
Excess of actual over estimated return on Plan Assets	(334,313)	87,487

Particulars	Gratuity (Funded)	
	For the Year ended 31st March	
	2015 ₹	2014 ₹
d. Actuarial Gain/(Loss) recognised		
Actuarial Gain/(Loss) for the period (obligation)	(14,552,573)	12,602,815
Actuarial Gain/(Loss) for the period (Plan Assets)	(334,313)	87,487
Total Gain/(Loss) for the period	(14,886,886)	12,690,302
Actuarial Gain/(Loss) recognised for the period	(14,886,886)	12,690,302
Unrecognised Actuarial Gain/(Loss) at end of period	Nil	Nil
e. Amount recognised in the Balance Sheet and Statement of Profit and Loss		
PVO at end of period	136,129,575	109,685,096
Fair Value of Plan Assets at end of Period	118,155,321	106,850,028
Funded Status	(17,974,254)	(2,835,068)
Unrecognised Actuarial Gain/(Loss) at end of period	Nil	Nil
Net Assets/(Liability) recognised in the Balance Sheet	(17,974,254)	(2,835,068)
f. Amount recognised in the Statement of Profit and Loss		
Current Service Cost	8,914,891	8,467,810
Interest Cost	9,778,176	8,717,215
Expected Return on Plan Assets	(9,981,800)	(9,034,500)
Net Actuarial (Gain)/Loss recognised for the period	14,886,886	(12,690,302)
Expenses recognised in Statement of Profit and Loss	23,598,153	(4,539,777)
g. Movements in the Liability recognised in Balance Sheet		
Opening Net Liability	2,835,068	14,915,678
Adjustment to Opening Fair Value of Plan Assets	695,488	(3,071)
Expenses as above	23,598,153	(4,539,777)
Contribution paid	(9,154,455)	(7,537,762)
Closing Net Liability	17,974,254	2,835,068
h. Actuarial Assumptions		
Mortality	IALM (2006-08) Ult	LIC (1994-96) Ult
Discount Rate	7.50%	9.20%
Rate of increase in compensation	7.00%	7.00%
Withdrawal rates	0.80%	0.80%

**Major category of Fair Value of Plan Assets at the end of period is as under:**

Particulars	As at 31st March 2015 ₹	Percent	As at 31st March 2014 ₹	Percent
a. Balances in Current Accounts with scheduled Banks	90,119	0.08	90,119	0.08
b. Funds with Life Insurance Corporation of India	118,065,202	99.92	106,759,909	99.92
<b>Total</b>	<b>118,155,321</b>	<b>100.00</b>	<b>106,850,028</b>	<b>100.00</b>

33. The disclosure required by Accounting Standard (AS-29) "Provisions, Contingent Liabilities, Contingent Assets" prescribed by the Companies (Accounting Standards) Amendment Rules, 2006 are as follows:

Class of Provision	Opening balance as on 1st April, 2014 ₹	Provisions for the year ₹	Amounts used during the year ₹	Closing balance as on 31st March, 2015 ₹
Casting rejections	7,181,273	11,049,540	7,181,273	11,049,540

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.

34. **Segment Information** : The Company operates in one segment namely "Iron Castings".

35. **Disclosures of transactions with Related Parties as required by AS 18**

- Holding Company : Kirloskar Industries Limited
- Key Management Personnel : Mr. R.V.Gumaste – Managing Director
- Transactions with related parties :

Particulars	Holding Company For the Year ended 31st March		Key Management Personnel For the Year ended 31st March	
	2015 ₹	2014 ₹	2015 ₹	2014 ₹
i. Remuneration to - Managing Director	-	-	30,127,865	27,054,353
ii. Dividend	88,267,345	88,267,345	177,836	123,750
iii. Building rent paid	539,328	540,228	-	-
iv. Outstanding as on 31st March				
Outstanding Receivables	Nil	Nil	-	-
Outstanding Payables	-	900	-	-
Remuneration payable*				
- Managing Director	-	-	20,570,000	15,637,500
Rent Deposit Receivable	240,000	240,000	-	-

\* payable does not include liability in respect of gratuity and leave encashment which is provided on actuarial basis for the Company as a whole and not individually.

Capital and Other Commitments	As at 31st March	
	2015 ₹	2014 ₹
Estimated amount of contracts remaining to be executed on capital account and not provided for	86,346,662	193,135,593

37. Contingent Liabilities not provided for	As at 31st March	
	2015 ₹	2014 ₹
a. In respect of following (matter subjudice) *		
i. Central Excise and Customs	16,241,843	18,905,405
ii. Service Tax	30,300,099	30,300,099
iii. Income Tax	103,352,821	179,065,677
iv. Sales Tax	66,450,204	5,443,293
v. Labour matters to the extent quantifiable	2,208,266	1,930,343
b. Sales Bills discounted	178,113,066	-

\* In the opinion of the Management the above legal matters when ultimately concluded will not have material effect on the results of the operations or the financial position of the Company.

38. a. Details of foreign currency exposures that are hedged by derivative instruments or otherwise:

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Purpose
<b>As at 31st March, 2015</b>				
i. Payables	USD	6,036,463	389,548,714	Hedging the Risk
ii. Loan (Under Buyers' Credit)	USD	4,723,824	252,309,679	
<b>As at 31st March, 2014</b>				
i. Payables	USD	7,588,473	485,526,188	Hedging the Risk
ii. Loan (Under Buyers' Credit)	USD	9,447,647	504,619,357	

b. Details of foreign currency exposures that are not hedged by derivative instruments or otherwise:

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency
<b>As at 31st March, 2015</b>			
a. Trade Receivables	EURO	37,900	2,545,732
b. Advance for Supplies	EURO	19,487	1,308,970
c. Payables	USD	3,976,619	248,538,695
	EURO	63,120	4,238,591
<b>As at 31st March, 2014</b>			
a. Trade Receivables	EURO	11,425	940,376
b. Advance for Supplies	USD	12,414	743,847
	EURO	115,397	9,497,859
c. Payables	USD	6,659,264	398,916,668
	EURO	15,496	1,275,414

39. Particulars	Year ended 31st March	
	2015 ₹	2014 ₹
Amount of borrowing costs capitalised	1,242,219	110,686,462

**40. C.I.F. value of imports and expenditure in foreign currencies:**

Particulars	For the Year ended 31st March	
	2015 ₹	2014 ₹
a. C.I.F. value of imports		
i. Capital goods	48,155,852	122,556,035
ii. Raw materials	1,223,425,476	2,278,136,522
iii. Spares parts	14,792,720	20,197,950
b. Expenditure in foreign currencies		
i. Interest	4,499,744	16,392,254
ii. Professional fee	14,787,227	-
iii. Others	10,713,181	3,126,630

**41. Earnings in foreign exchange :**

Particulars	For the Year ended 31st March	
	2015 ₹	2014 ₹
FOB value of exports	109,635	901,032

**42. a. Imported and Indigenous raw material consumption:**

Particulars	For the Year ended 31st March, 2015		For the Year ended 31st March, 2014	
	₹	Percent	₹	Percent
i. Imported	1,913,192,353	23.14	1,900,236,276	24.17
ii. Indigenous	6,353,729,932	76.86	5,961,579,273	75.83
<b>Total</b>	<b>8,266,922,285</b>	<b>100.00</b>	<b>7,861,815,549</b>	<b>100.00</b>

**b. Imported and Indigenous Spare parts consumption:**

Particulars	For the Year ended 31st March, 2015		For the Year ended 31st March, 2014	
	₹	Percent	₹	Percent
Spare parts				
i. Imported	11,737,070	8.30	13,386,434	10.50
ii. Indigenous	129,695,104	91.70	114,081,885	89.50
<b>Total</b>	<b>141,432,174</b>	<b>100.00</b>	<b>127,468,319</b>	<b>100.00</b>

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

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat  
Chartered Accountants

ATUL C. KIRLOSKAR  
Chairman  
DIN 00007387

R.V.GUMASTE  
Managing Director  
DIN 00082829

S.B.PAGAD  
Partner

C.S.PANICKER  
Company Secretary

R.S.SRIVATSAN  
Chief Financial Officer

Pune: 28th April, 2015

## NOTES

[illegible]

## PROXY FORM

Name of the Company : Kirloskar Ferrous Industries Limited  
CIN : L27101PN1991PLC063223  
Registered Office : 13, Laxmanrao Kirloskar Road, Khadki, Pune 411003 (Maharashtra)  
Tel No (020) 66084664 Fax No (020) 25813208  
Email : [investor@kfil.com](mailto:investor@kfil.com) Website : [www.kfil.com](http://www.kfil.com)

Name of the member (s)
Registered address
Email ID
Folio No / DP ID and Client ID

I/We, being the member(s) of ..... shares of the above named Company, hereby appoint :

1. Name : .....  
Address : .....  
Email ID : .....  
Signature : ....., or failing him
2. Name : .....  
Address : .....  
Email ID : .....  
Signature : ....., or failing him
3. Name : .....  
Address : .....  
Email ID : .....  
Signature : .....,

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 24th Annual General Meeting of the Company, to be held on Thursday, the 30th day of July 2015 at 12 Noon at the Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002 and at any adjournment thereof in respect of such resolutions as are indicated below :

TEAR HERE

Resolution No	Particulars of Resolutions	Optional #	
		For	Against
Ordinary Business			
1	Adoption of the Financial Statement for the financial year ended 31st March, 2015 and also the reports of the Board of Directors and the Auditors thereon.		
2	Declaration of dividend on equity shares for the financial year ended 31st March, 2015.		
3	Reappointment of Mr. A. N. Alawani, who retires by rotation.		
4	Appointment of M/s. P. G. Bhagwat, Chartered Accountants as Auditors and to authorise the Board of Directors to fix their remuneration		
Special Business			
5	Ratification of the remuneration of the Cost Auditors		

Signed this ..... day of ..... 2015

Signature of Member : .....

Signature of Proxy holder(s) : .....

Affix  
Revenue  
Stamp

#### Notes :

- 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.**
- A Proxy need not be a member of the Company.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10 percent of the total share capital of the Company carrying voting rights. A member holding more than 10 percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- # This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
- Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.

## ATTENDANCE SLIP

Name of the Company : Kirloskar Ferrous Industries Limited  
CIN : L27101PN1991PLC063223  
Registered Office : 13, Laxmanrao Kirloskar Road, Khadki, Pune 411003 (Maharashtra)  
Tel No (020) 66084664 Fax No (020) 25813208  
Email : [investor@kfil.com](mailto:investor@kfil.com) Website : [www.kfil.com](http://www.kfil.com)

Please fill Attendance Slip, sign and hand it over at the entrance of the Meeting Hall.

Name and Address of the Member


DP ID. \*

Client ID \*

Folio No.

No. of shares

I hereby record my presence at the **24TH ANNUAL GENERAL MEETING** of the Company held on Thursday, the 30th day of July 2015 at 12 Noon at the Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002.

Signature of the Member or the Proxy

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\* Applicable for investors holding shares in electronic form.

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## NOTES

[illegible]

Machine shop at Solapur plant



Volvo 6 CB Casting - Euro VI compliant



Volvo 4 CB Casting - Euro VI compliant



Enriching Lives

**KIRLOSKAR FERROUS INDUSTRIES LIMITED**

A Kirloskar Group Company

Regd. Office: 13, Laxmanrao Kirloskar Road, Khadki, Pune - 411 003, INDIA.

Tel.: +91 (20) 2581 0341 Fax: +91 (20) 2581 3208, 2581 0209

Email: [C.Panicker@kirloskar.com](mailto:C.Panicker@kirloskar.com) Website: [www.kfil.com](http://www.kfil.com)

CIN - L27101PN1991PLC063223