

BOARD OF DIRECTORS

Shri. J. R. Sapre	Chairman
Shri. D. B. Nimbalkar	Director
Shri. D. Y. Vetal	Director
Shri. E. V. Bachute	Additional Director (From 03-09-2013)
Shri. S. A. Phadnis	Additional Director (From 03-09-2013)
Shri. A. K. Srivastav	Additional Director (From 26-02-2014)

AUDITORS

G. D. Apte & Company,
Chartered Accountants, Pune

BANKERS

Industrial Development Bank of India Ltd. (IDBI Bank Ltd.)

REGISTRAR AND TRANSFER AGENT

Link Intime India Private Limited
(Unit : The Kolhapur Steel Limited)
Block No. 202, 2nd Floor, Akshay Complex
Near Ganesh Temple, off Dhole-Patil Road
Pune - 411 001
Tel No. : (020) 26163503
Fax No. : (020) 26160084
E-mail : pune@linkintime.co.in

REGISTERED OFFICE AND FACTORY

At & post	:	Pune-Bangalore High-way Shiroli (Pulachi), Tal. Hatkanangale
Dist.	:	Kolhapur 416 122
Phones	:	(0230) 2468061 / 62 / 63
Fax No.	:	(0230) 2468761
Website	:	www.kolhapursteel.com

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NOTICE

Notice is hereby given that the 49th Annual General Meeting of the Members of **THE KOLHAPUR STEEL LIMITED** will be held at the Registered Office of the Company at Pune-Bangalore Highway, Shiroli (Pulachi), Taluka Hatkanangale, Dist. Kolhapur - 416 122 on Sunday, 20th day of July, 2014 at 11.00 a.m. to transact the following business :

1. To consider and adopt the Audited Balance Sheet as at March 31, 2014 and Profit and Loss Statement of the Company for the year ended on March 31, 2014 and Reports of the Directors' and Auditors' thereon.
2. To appoint a director in place of Mr. J. R. Sapre who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

To appoint M/s. P. G. Bhagwat, Chartered Accountants, in place of the retiring Auditors, M/s. G. D. Apte and Co., Chartered Accountants, Pune as Auditors of the Company :

"RESOLVED THAT M/s. P. G. Bhagwat, Chartered Accountants (Registration No. 101118W) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting for a term of five (5) years, subject to ratification by Members every year, in place of the retiring auditors, M/s. G. D. Apte & Co., Chartered Accountants, Pune (Registration No. 100515W), who have conveyed their unwillingness to get reappointed, at such terms and conditions, including remuneration, to be fixed by the Board of Directors of the Company."

Special Business :

4. To appoint a director in place of Mr. Sandeep Phadnis, who was co-opted by the Board of Directors as an Additional Director of the Company with effect from September 3, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds the office of director upto the date of this Annual General Meeting. The Company has received a notice from a Member, in writing, as required under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Sandeep Phadnis to the office of director liable to retire by rotation.
5. To appoint a director in place of Mr. Eknath Bachute, who was co-opted by the Board of Directors as an Additional Director of the Company with effect from September 3, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds the office of director upto the date of this Annual General Meeting. The Company has received a notice from a Member, in writing, as required under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Eknath Bachute to the office of a director liable to retire by rotation.
6. To appoint a director in place of Mr. Aseem Srivastav, who was co-opted by the Board of Directors as an Additional Director of the Company with effect from February 26, 2014 pursuant to the provisions of Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds the office of director upto the date of this Annual General Meeting. The Company has received a notice from a Member, in writing, as required under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Aseem Srivastav to the office of director liable to retire by rotation.
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Section 61 and all other applicable provisions of the Companies Act, 2013 and in accordance with the provisions of the Articles of Association of the Company, the existing Authorised Share Capital of Company of Rs. 300,000,000/- (Rupees Thirty Crores only) divided into 300,000,000 (Thirty Crores only) Equity Shares of Re. 1/- (Rupee One only) each be and is hereby reclassified as Rs. 150,000,000/- (Rupees Fifteen Crores only) Equity Share Capital divided into 150,000,000 (Fifteen Crores only) Equity Shares of Re. 1/- (Rupee One only) each and Rs. 150,000,000/- (Rupees Fifteen Crores only) Preference Share Capital divided into 15,000,000 (One Crore Fifty Lacs only) Preference Shares of Rs. 10/- (Rupees Ten only) each.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be substituted as under :

V. The Capital of the Company is Rs. 300,000,000/- (Rupees Thirty Crores only) divided into Rs. 150,000,000/- (Rupees Fifteen Crores only) Equity Share Capital consisting of 150,000,000 (Fifteen Crores only) Equity Shares of Re. 1/- (Rupee One only) each and Rs. 150,000,000/- (Rupees Fifteen Crores only) Preference Share Capital consisting of 15,000,000 (One Crore Fifty Lacs only) Preference Shares of Rs. 10/- (Rupees Ten only) each, with power to increase or reduce, the capital of the Company for the time being into several classes, to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all such steps and to do all such acts and things as may be necessary to give effect to the resolution.

RESOLVED FURTHER THAT any one director of the Company be and is hereby authorized to file all such forms with the Ministry of Corporate Affairs as may be required in this connection."

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

"**RESOLVED THAT** pursuant to Section 55 and all other applicable provisions of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the provisions of the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board to offer, issue and allot Preference Share Capital of Rs. 150,000,000/- (Rupees Fifteen Crores only) consisting of 15,000,000 (One Crore Fifty Lacs only) 6 % Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10/- (Rupees Ten only) each to Kirloskar Brothers Limited having following rights and conditions :

- (a) The shares shall carry preferential rights towards payment of dividend vis-à-vis equity shares at a fixed rate of 6% payable out of the distributable profits as determined by the Board of Directors on the fully paid amount of the shares;
- (b) The shares shall not carry any rights in participation of surplus funds;
- (c) The shares shall, in the event of winding up, carry preferential right to payment of such capital as has been paid up on the shares and all arrears of fixed dividend accrued upto the commencement of the winding up (whether earned or declared) in priority to the equity shares but shall not confer the right to any further participation in profits or assets;
- (d) The rate of dividend shall be 6% on cumulative basis;
- (e) The shares are not convertible into equity shares;
- (f) The shares shall not confer on the holder thereof any right to vote either in person or by proxy at any general meeting of the Company save to the extent and in the manner provided by Section 47(2) of the Companies Act, 2013;
- (g) The shares are redeemable along with arrears of dividend till the date of redemption at any time after completion of 4 (four) years from the date of the allotment, at the option of the Company, upon giving the holders of the shares not less than 15 (fifteen) days previous notice in writing. The maximum tenure of the shares is 7 (seven) years from the date of the allotment.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such matters, deeds and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of the aforesaid shares and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said shares, utilization of the issue

proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution and all such authorities exercised by the Board in pursuance to the above be and are hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Director(s) or Officer(s) of the Company to give effect to the resolution."

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

"RESOLVED THAT in supersession of the resolution passed at the 31st Annual General Meeting of the Company held on November 8, 1996, and pursuant to the provisions of Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, consent of the Members be and is hereby accorded to the Board of Directors of the Company to borrow, from time to time, such sum(s) of money as they may deem requisite for the purpose of business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from the temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs.1,200,000,000/- (Rupees One Hundred Twenty Crores only) at any one time.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 180(1)(a) and any other applicable provisions under the Companies Act, 2013 and the rules made thereunder, the consent of the Members be and is hereby accorded to the Board of Directors of the Company for creation, from time to time, of such mortgages, charges, lien, hypothecation and or other securities, including the charges already created by the Company, on such terms and conditions as the Board may deem fit, on the Company's assets, properties, whether movable or immovable, including, the whole or substantially the whole of the Company's undertaking or undertakings, in favour of the banks / financial institutions / debenture trustees / other lenders as may be agreed by the Board of Directors, for the purpose of securing the repayment of any loans, financial assistance (whether in Rupees or in foreign currency), borrowings, debenture, bonds and / or other instruments issued to the public or on private placement basis and / or in other manner, subject to the maximum of Rs.1,200,000,000/- (Rupees One Hundred Twenty Crores only).

By the Order of the Board of Directors
for **THE KOLHAPUR STEEL LIMITED**

Place : Pune
Date : June 6, 2014

J. R. Sapre
Chairman

NOTES :

1. **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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. A person can act as a proxy on behalf of members, not exceeding 50 and holding not more than 10% of total share capital of the Company. The instrument of proxy duly completed should be lodged at the Registered Office of the Company not less than 48 hours before the Annual General Meeting. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.
3. The Company has received Special Notice from a Member of the Company signifying its intention to appoint M/s. P.G. Bhagwat, Chartered Accountants as the Statutory Auditors of the Company.

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), Explanatory Statement in respect of Item Nos. 3 to 9 above is annexed.

4. The documents relating to the items of Special Businesses are available for inspection by the members of the Company at its Registered Office during business hours on any working day (excluding Monday) of the Company.
5. Members desiring any information as regards accounts are requested to write to the Company atleast 7 days before the date of the meeting to enable the management to keep the information ready.
6. Members of the Company and / or their proxies only will be allowed to attend the Annual General Meeting. Before entering the meeting hall, Members and proxies are requested to sign the attendance slip in the prescribed form and leave it at the counter.

Members are requested to bring their Folio No. / Client Id and DP Id for easy identification.

7. Since, the Company's shares are available for dematerialisation, to ensure better investor service and elimination of risk of holding shares in physical form, it is requested that the Members holding shares in physical form to get their shares dematerialised at the earliest.
8. Members are requested to notify any change in their address to the Company / Registrar & Transfer Agents (R&T) at the address mentioned below. Members, having multiple folios, are requested to intimate to the Company / R&T, such folios, to consolidate all shareholdings into one folio.
9. The Company has appointed M/s Link Intime India Private Limited as its R&T. Therefore, all correspondence relating to transfer and transmission of shares, issue of duplicate share certificates, change of address, dematerialisation of shares, payment of dividend etc. will be attended and processed at the office of the R&T at the following address:

Link Intime India Private Limited
(Unit : The Kolhapur Steel Limited)
Block No. 202, 2nd Floor, Akshay Complex,
Near Ganesh Temple, Off Dhole Patil Road,
Pune – 411 001
Tel. No. (020) 26160084
Fax No. (020) 26163503
Email : pune@linkintime.co.in

10. Pursuant to Sections 205A & 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, shall be transferred by the Company to a fund called "Investor Education and Protection Fund"(IEPF), set up by the Central Government. The unpaid / unclaimed final dividend for the financial years 2009-10 onwards will become transferable at the end of seven years from the respective dates of transfer of such amount to the unclaimed dividend accounts of the Company to IEPF.

The details of the same are given below :

Year	Dividend in Rs. per Share	Date of declaration	Due Date of transfer to the IEPF account
2009-10	1	14-Jul-10	August, 2017
2010-11	1	14-Jul-11	August, 2018
2011-12	0.25	14-Jul-12	August, 2019
2012-13	0.25	20-Jul-13	August, 2020

In terms of the IEPF (Uploading of information regarding unpaid dividend amount lying with the companies) Rules, 2012, the details of unclaimed dividend upto the year 2011-12 have been uploaded on Company website at www.kolhapursteel.com. This will facilitate the shareholders to claim their unclaimed dividend. Members are therefore, requested to check and send their claims, if any, for the relevant financial years before the respective amounts become due for transfer to IEPF.

ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 102 of the Companies Act, 2013

Item No. 3

M/s. G. D. Apte and Co., Chartered Accounts, Pune, Statutory Auditors of the Company have conveyed their unwillingness to get re-appointed as Auditors.

Pursuant to the provisions of Section 140 read with Section 115 of the Companies Act, 2013 ('the Act'), the Company had received a Special Notice from a Member of the Company signifying its intention to propose the name of M/s. P. G. Bhagwat, Chartered Accountants, Pune, Registration Number 101118W, as Statutory Auditors of the Company for a period of 5 years.

Accordingly, the Board of Directors of the Company propose the appointment of M/s. P. G. Bhagwat, Chartered Accountants, Pune. They have expressed their willingness to act as the Statutory Auditors of the Company and have further provided their eligibility certificate as per Sections 139 and 141 of the Act.

The unwillingness letter from M/s. G. D. Apte & Co., Special Notice from the Member and eligibility certificate from M/s. P. G. Bhagwat would be available for inspection during business hours on any working day (excluding Monday) of the Company.

None of the Directors or their relatives is, directly or indirectly, interested or concerned, financially or otherwise, in the resolution.

Item No. 4

Mr. Sandeep Phadnis was co-opted by the Board of Directors as an Additional Director of the Company with effect from September 3, 2013. In terms of Section 260 of the Companies Act, 1956, Mr. Sandeep Phadnis holds office up to the date of this Annual General Meeting. The Company has received a Notice along with deposit of Rs. 1 Lac from a Member, proposing the candidature of Mr. Sandeep Phadnis for the office of director of the Company liable to retire by rotation as required by Section 160 of the Companies Act, 2013. The same would be available for inspection during business hours on any working day (excluding Monday).

Except Mr. Sandeep Phadnis, none of the other Directors including their relatives, are concerned or interested, directly or indirectly, financially or otherwise in the proposed appointment.

Item No. 5

Mr. Eknath Bachute was co-opted by the Board of Directors as an Additional Director of the Company with effect from September 3, 2013. In terms of Section 260 of the Companies Act, 1956, Mr. Eknath Bachute holds office up to the date of this Annual General Meeting. The Company has received a Notice along with deposit of Rs. 1 Lac from a Member, proposing the candidature of Mr. Eknath Bachute for the office of director of the Company liable to retire by rotation as required by Section 160 of the Companies Act, 2013. The same would be available for inspection during business hours on any working day (excluding Monday).

Except Mr. Eknath Bachute, none of the other Directors including their relatives are concerned or interested, directly or indirectly, financially or otherwise in the proposed appointment.

Item No. 6

Mr. Aseem Srivastav was co-opted by the Board of Directors as an Additional Director of the Company with effect from February 26, 2014. In terms of Section 161 of the Companies Act, 2013, Mr. Aseem Srivastav holds office up to the date of this Annual General Meeting. The Company has received a Notice along with deposit of Rs. 1 Lac from a Member, proposing the candidature of Mr. Aseem Srivastav for the office of director of the Company as required by Section 160 of the Companies Act, 2013. The same would be available for inspection during business hours on any working day (excluding Monday).

Except Mr. Aseem Srivastav, none of the other Directors including their relatives are concerned or interested, directly or indirectly, financially or otherwise in the proposed appointment.

Item No. 7

In order to enable the Company to implement major capital investment plans to improve its condition, it is proposed to allot preference shares.

Since, existing Authorised Capital of the Company is Rs. 300,000,000/- (Rupees Thirty Crores only) consisting of 300,000,000 (Thirty Crores only) Equity Shares of Re. 1/- (Rupee One only) each, it is required to reclassify the same in order to issue preference shares. Memorandum of Association of the Company is required to be altered for reclassification of share capital as set out in the Item No. 7.

It is proposed to reclassify the share capital into Equity Share Capital of Rs. 150,000,000/- (Rupees Fifteen Crores only) consisting of 150,000,000 (Fifteen Crores only) Equity Shares of Re. 1/- (Rupee One only) each and Preference Share Capital of Rs. 150,000,000/- (Rupees Fifteen Crores only) consisting of 15,000,000 (One Crore Fifty lacs only) Preference Shares of Rs. 10/- (Rupees Ten only) each.

The altered draft Memorandum of Association is available at the Registered Office of the Company for inspection during business hours on any working day (excluding Monday) of the Company.

The Board recommends the resolution for the approval of shareholders.

None of the Directors or their relatives is, directly or indirectly, interested or concerned, financially or otherwise, in the proposed resolution.

Item No. 8

In order to achieve the projections and improve the standard of quality of its products, it is urgently required to make capital investments in the foundry process re-engineering and upgradation.

The Company has approached, Kirloskar Brothers Limited (KBL), its holding company for infusing funds in the Company.

The Board of Directors has proposed issue of 6% Cumulative Non-Convertible Redeemable Preference Shares to KBL. The disclosures required as per the Companies (Share Capital and Debenture) Rules, 2014 are as under :

(a) Size of issue and number of preference shares to be issued and nominal value of each share:

15,000,000 (One Crore Fifty Lacs only) 6% Cumulative Non-Convertible Redeemable Preference Shares of face value of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 150,000,000/- (Rupees Fifteen Crores only).

(b) Nature of shares :

The shares shall carry preferential rights towards payment of dividend at a fixed rate of 6% on cumulative basis and capital, in the event of winding up as detailed in the resolution.

(c) Objective of the issue :

To achieve the projections and to make capital investments in the foundry process re-engineering and upgradation, the Board proposes to infuse capital by issue of Preference Shares.

Moreover, the Company's networth has been wiped off in the year. This issue will also help to improve the networth position of the Company.

(d) Manner of issue of shares :

The issue is proposed to be made to Kirloskar Brothers Limited, the Company's holding company in single tranche.

(e) Price at which shares are proposed to be issued:

The shares are proposed to be issued at face value of Rs. 10/- (Rupees Ten only) each.

(f) Basis on which the price has been arrived at:

The issue price is at the face value of Rs. 10/- (Rupees Ten only) each without any premium or discount.

- (g) Terms of issue including terms and rate of dividend on each share : 6% Cumulative.
- (h) Terms of redemption including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion:

The shares are redeemable along with arrears of dividend, if any, till the date of redemption, at any time after completion of 4(four) years from the date of the allotment, at the option of the Company, upon giving the holders of the shares not less than 15 (fifteen) days previous notice in writing. The maximum tenure of the Preference Shares is 7 (seven) years from the date of the allotment.

The shares would be redeemed at face value.

The shares are not convertible into equity shares.

- (i) **Manner and modes of redemption** : As per applicable provisions of Companies Act, 2013.
- (j) **Current shareholding pattern of the Company** :

Category	No of Shares	% of paid up capital
Bodies Corporate : Kirloskar Brothers Limited	16,313,718	95.96
Individuals : Public	686,282	4.04
TOTAL	17,000,000	100.00

- (k) **Expected dilution in equity share capital upon conversion of preference shares:**

There would be no dilution in the equity share capital as the shares do not carry right of conversion.

The Board recommends the resolution for the approval of shareholders.

None of the Directors or their relatives is, directly or indirectly, interested or concerned, financially or otherwise in the proposed resolution. None of the directors hold more than 2% shares in Kirloskar Brothers Limited.

Item No. 9

The Members of the Company at the 31st Annual General Meeting of the Company which was held on November 8, 1996, had accorded their consent to the Board, under the then applicable Section 293 (1) (d) of the Companies Act, 1956, to borrow moneys not exceeding Rs.1,200,000,000/- (apart from temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business).

Further, for creation of charge on assets of the Company, to secure the borrowings availed by it, whenever it amounts to charge on whole or substantially the whole of the undertaking of the Company, approval from the members of the Company is required by Special Resolution.

Moreover, relevant provisions under the Companies Act, 1956 have been replaced by Section 180 of the Companies Act, 2013 and pursuant to the clarification issued by the Ministry of Corporate Affairs vide their general circular no. 04/2014 dated 25/03/2014, the previous approvals accorded by the shareholders under the Companies Act, 1956 would be regarded as sufficient compliance for a period of one year from date of notification of Section 180 of the Companies Act, 2013 i.e. upto September 11, 2014.

Considering the above clarification, the Board recommends passing of the Special Resolution by shareholders for according consent to the Board for borrowing and creation of charge for securing the borrowings as per the resolution.

None of the Directors and their relatives, is directly or indirectly, interested or concerned, financially or otherwise in the proposed resolution.

By the Order of the Board of Directors
for **THE KOLHAPUR STEEL LIMITED**

Place : Pune
Date : June 6, 2014

J. R. Sapre
Chairman

DIRECTORS' REPORT

The Members of the Company,

Your Directors present the 49th Annual Report and Audited Accounts of the company for the year ended March 31, 2014

FINANCIAL PERFORMANCE

The Financial results of the Company for the year 2013-14 as compared with the previous year are as under -

Particulars	Current Year ended March 31, 2014 Rs. in Lakhs	Previous Year ended March 31, 2013 Rs. in Lakhs
Sales	2206.01	3678.07
Other Income	49.11	83.65
Total	2255.12	3761.72
Less - Expenditure	3666.89	3553.78
Gross Profit / (Loss)	(1411.77)	207.94
(Add) / Less : Interest	42.54	38.36
Depreciation	80.41	84.23
Provision for Taxation	-	14.38
Net Profit / (Loss) for the year	(1534.72)	70.97
Balance of Profit / (Loss) brought from previous year	334.06	319.57
Balance Available for Appropriations	(1200.66)	390.54
Appropriations		
General Reserve	0.00	7.10
Proposed Dividend	0.00	42.50
Tax on Dividend	0.00	6.90
Surplus / Loss carried over to Balance Sheet	(1200.66)	334.04
TOTAL :	(1200.66)	390.54

PERFORMANCE

Your Company's turnover for the current year has decreased to Rs. 2255 Lakhs as compared to Rs. 3762 Lakhs in 2012-13. This has resulted in a gross loss of Rs. 1412 Lakhs as compared to gross profit of Rs. 207.94 Lakhs and net profit of Rs. 70.97 Lakhs in the previous year.

The Company has incurred losses in the financial year 2013-14 mainly due to prolonged recessionary conditions in all the industrial sectors. Further, operating results of the Company were badly affected, mainly due to the steep hike in price of power and other input materials. High material to sales ratio also caused a substantial increase in conversion cost. Company has incurred substantial losses mainly because of high rework and rejection at customer end.

As a result in the next financial year, the management has decided to change its business strategy and is exploring potential customers for making value added products to match the requirements as per API Standards. These standards are applicable to the manufacturer of large pumps, hydro, steam and power turbines who will be our main customers. The management is confident of increasing its business during the current financial year and plans are already in place for achieving the Company's strategic objectives. Your Company is also in the process of implementing change in product mix and stringent quality requirements.

Your Company has approached Kirloskar Brothers Limited, its holding company for capital investments to meet the long terms capital requirements.

As a part of revival strategy, the Board has proposed issue of 1,50,00,000 6 % cumulative Non-convertible Redeemable Preference Shares of Rs. 10/- each aggregating to Rs. 15 Crores to Kirloskar Brothers Limited (KBL) subject to the approval of shareholders of the Company at the ensuing Annual General Meeting.

DIVIDEND

The directors do not recommend any dividend for the current year.

REFERENCE TO BIFR

Considering the loss of the Company and erosion in the net worth for the financial year ended 31st March, 2014, the Company is in the process of making a reference to the Board for Industrial and Finance Reconstruction (BIFR) in terms of the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

STATUTORY DISCLOSURES

1. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is given in the Annexure to this report.

2. PARTICULARS OF EMPLOYEES

There was no employee drawing the prescribed salary during the year and therefore, the particulars as required under section 217(2A) of the Companies Act, 1956 for the year ended March 31, 2014 are not given.

3. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors report that,

1. In the preparation of annual accounts, the applicable accounting standards have been followed and there was no material departure from accounting standards.
2. Accounting policies have been selected and applied consistently and that the 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 March 31, 2014 and the loss by the company for the period April 1, 2013 to March 31, 2014.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
4. The annual accounts have been prepared on a 'going concern' basis.

CASH FLOW

A cash flow statement for the year ended March 31, 2014 is attached to the Balance Sheet.

DIRECTORS

Mr. J. R. Sapre retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Sandeep Phadnis and Mr. Eknath Bachute were appointed as an Additional Director with effect from September 3, 2013.

Mr. Aseem Srivastav was appointed as an Additional director with effect from February 26, 2014. As per section 260 of the Companies Act, 1956 and Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, they hold office till the date of the ensuing Annual General Meeting and are eligible for appointment.

The Company has received notices under Section 160 of the Companies Act, 2013 alongwith deposit of Rs. 1 lakh for each of them, proposing their candidature for the office of a director liable to retire by rotation. The proposals have been included in the notice of the Annual General Meeting.

AUDITORS

M/s G. D. Apte and Co., Chartered Accountants, Pune, have communicated their unwillingness to be re-appointed as auditors of the Company for the year 2014-2015 at the ensuing Annual General Meeting.

The Company has received special notice from a member of the Company signifying its intention to appoint M/s. P G Bhagwat, Chartered Accountants as the Auditors of the Company. The Company has received their willingness to get appointed and the requisite certificate pursuant to the provisions of the Companies Act, 2013, has also been received.

The Board proposes their appointment for a period of 5 years, which shall be subject to approval by the shareholders at the ensuing Annual General Meeting and ratification every year. The notice convening the Annual General Meeting contains the resolution.

With regard to the observations of the Statutory Auditors in the Annexure to their Report, the Management's point wise responses are given below :

- (i) (b) The fixed assets are physically verified once in every three years. Accordingly, the physical verification of the fixed assets would be done during the financial year 2014-15.
- (ii) (a) The frequency of verification of WIP and FG inventory is on monthly basis.
- (ii) (c) The over valuation of stock of raw material has been properly dealt with in the books of account during the current year.
- (iv) Proper procedure has been set up for accounting of sales return.
- (x) The losses incurred during the year have eroded the networth of the Company. As required, reference is being made to BIFR in terms of applicable provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

SECRETARIAL COMPLIANCE CERTIFICATE

In accordance with Section 383 A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules 2001, the Company has obtained a certificate from a Secretary in whole time practice confirming that the Company had complied with all the provisions of the Act and a copy of such certificate is annexed to this report.

Disclosure under the 'Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013'

In terms of section 22 of the above mentioned Act, read with sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, we report that there was no complaint received and no case was filed, during the year ended on March 31, 2014.

ACKNOWLEDGMENT

Your Directors wish to place on record their appreciation for the co-operation given by the banks, vendors and contractors of the Company, for their valuable support extended to the Company from time to time. Your Directors would further like to record their appreciation for the sincere efforts of every employee and their contribution in the Company's progress.

**For and on behalf of the Board of Directors
of THE KOLHAPUR STEEL LIMITED**

Place : Pune
Date : June 6, 2014

J. R. Sapre
Chairman

Annexure to Directors' Report

A. Conservation of energy

Following Energy Conservation Measures were taken :

1. We have maintained our plant power factor at unity i. e. one
2. We have replaced LDO fired furnaced with HSD fired furnace

B. Technology absorption

Efforts made in technology absorption : As per Form B of the Annexure.

C. Foreign exchange earnings and outgo

Earning : Nil

Outgo : USD 25538,42

**For and on behalf of the Board of Directors
of THE KOLHAPUR STEEL LIMITED**

Place : Pune
Date : June 6, 2014

J. R. Sapre
Chairman

FORM - A

Disclosure of particulars with respect to conservation of energy

	2013-14	2012-13
A) Power and Fuel consumption		
1. Electricity		
a) Purchased units (KW)	3093042	3562113
Total amount (Rs. in lakhs)	286.28	292.96
Rate / Unit (Rs.)	9.26	8.22
b) Own generation through diesel		
Generator unit (KW)	2800	1640
Unit per ltr. of diesel oil	1.78	1.82
Cost / Unit (Rs./KW)	31.80	26.90
2. Light Diesel oil / High Speed Diesel Oil qty. (ltrs)	245329	244733
Total amount (Rs. in lakhs)	142.52	118.67
Average rate (Rs. in lakhs)	58.09	48.48

B) Consumption per unit of production

	Unit	2013-14	2012-13
Electricity (KW)	PMT of liquid metal	1495	1272
Furnace Oil (Ltrs.)	PMT of finished products	—	—

FORM - B

Disclosure of Particulars with Technology Absorption

Research & Development (R & D)

1) Specific areas in which R & D carried out by the Company :

- a. Development of new castings and improvement in existing system of process related to manufacturing,
- b. Testing and Certification of existing products for conformity to new Indian / International standards.

2) Benefits derived as a result of the above R & D :

- a. Development of quality castings for customers,
- b. Orders for development products from the customers have been increased and have resulted of the overall improvment in performance of the Company,
- c. Attaining qualification of our process from internationally recognised bodies.

3) Future Plan of Action

- a) R & D department will continue to develop new items of high value meant for import substitution.
- b) Work force skill up-gradation
- c) Foundry up-gradation (Project Pariwartan)
 - I. Metal Capacity enhancement
 - II. Inhouse RT facility
 - III. Modification and up-gradation of existing LRF and AOD furnace address quality issues.
 - IV. New H. T. furnace to capture value added new business plan.
- d) Effective utilization of manpower by MOST implementation.

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption
 - a. Collaborate efforts with Indian Educational Institutions for technology up-gradation
 - b. Analysing feedbacks from users to improve products and services.
2. Benefits derived as a result of the above efforts, Technological development resulted in regular production or critical and high value items for Valve and Turbine Industry.
3. Imported Technology — Not Applicable.

For and on behalf of the Board of Directors
of THE KOLHAPUR STEEL LIMITED

Place : Pune
Date : June 6, 2014

J. R. Sapre
Chairman

INDEPENDENT AUDITORS' REPORT

To,
The Members of
The Kolhapur Steel Limited
Kolhapur

Report on the financial statements

We have audited the accompanying financial statements of **The Kolhapur Steel Limited**, ("the Company") which comprise the Balance Sheet as at 31st March 2014, and the statement of Profit and Loss and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for 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 standards notified under the Companies Act, 1956 ("the Act") read with the General circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implantation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying 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 :

- a. In the case of the balance sheet of the state of affairs of the company as at 31st March, 2014.
- b. In the case of the statement of profit and loss, of the loss for the year ended on that date; and
- c. In the case of the cash flow statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4 A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of Section 227 (3) of the Act, we report that :
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c. The Balance Sheet, statement of Profit, Loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standard notified under The Company's Act 1956 read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e. On the basis of written representations received from all directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. Since the Cental Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

R. D. Kulkarni
Partner
Membership No. 132708
Pune, April 16, 2014.

Annexure to Auditors' Report

(Referred to in paragraph 1 under the heading 'Report on other Legal and Regulatory Requirements' of our report on even date)

(i) In respect of Fixed Assets :

- a) The Company has maintained proper records showing full particulars, including quantitative details.
- b) The fixed assets have not been physically verified by the management during the year. According to information and explanation given to us, the fixed assets are physically verified by the management once in three years, according to a programme of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its business.
- c) The fixed assets disposed of during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of Inventories :

- a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of such verification should be increased.
 - b) The procedures for physical verification of inventories 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. The discrepancies noticed on physical verification of inventory as compared to book records were material, which were properly dealt with in the books of account.
- (iii) In our opinion and as per the information and explanation given to us, the Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Act. As such provisions of clause iii (a) to iii (g) of Paragraph 4 of the order are not applicable.
- (iv) Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets, and for the sale of services *but the internal controls in respect of accounting of Consumption and sales returns of goods needs to be strengthened.*
- (v) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that there are no transactions with reference to contracts or arrangements referred to in section 301 of the Act which need to be entered in the register maintained under Section 301. As such, provisions of clause v (a) and clause v (b) of paragraph 4 of the Order are not applicable.
- (vi) The Company has not accepted any deposits from the public. As such, provisions of clause (vi) of paragraph 4 of the Order are not applicable.
- (vii) In our opinion, the internal audit system of the Company is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company relating to manufacture of steel and alloy castings pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) In respect of Statutory Dues :

- a) According to information and explanations given to us and based on the examination of records, we are of the opinion that the Company is regular in depositing undisputed statutory dues including Provident Fund, Sales Tax, Value Added Tax, Income Tax, Excise Duty, Services Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

- b) According to the information and explanations given to us, the details of Excise duty which has not been deposited as at 31st March, 2014 on account of any dispute, are as below :

Name of Statute	Nature of Dues	Amounts (Rs. In lacs)	Year to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Central Excise Duty	5.50	1986-87 & 2002-03	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

Payment is made under protest amounting to Rs. 5.42 lacs (Previous Year Rs. 5.42 lacs) against Central Excise Dues.

- (x) The company has accumulated losses at the end of financial year of Rs. 1200.66 lacs which are more than 50 % of the networth of the Company. The Company has incurred cash losses during the current year amounting to Rs. 1448.10 lacs but it had not incurred cash losses in immediately preceding financing year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the Bank. The Company has neither issued any debentures nor has any borrowings from any financial institutions.
- (xii) During the year, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. As such, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. As such, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loan raised by the Company has been applied for the purpose for which it was raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to the companies or parties covered in the register maintained under Sec. 301 of the Act.
- (xix) The Company has not issued any debentures. As such, the provisions of clause (xix) of paragraph 4 of the Order are not applicable.
- (xx) The Company has not raised money by public issues during the year under Report. As such, the provisions of clause (xx) of paragraph 4 of the Order are not applicable.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statement and as per the information and explanations given to by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

R. D. Kulkarni
Partner
Membership No. 132708

Place : Pune
Date : April 16, 2014

Compliance Certificate

To
The Members
The Kolhapur Steel Limited.
Pune-Bangalore Highway
Shiroli (Pulachi), Kolhapur - 416 122

We have examined the registers, records, books and papers of The Kolhapur Steel Limited (hereinafter referred to as "the company") as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2014. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year :

1. The company has kept and maintained all the registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies. The Company was not required to file any document with the Regional Director, Central Government, Company Law Board or other authorities.
3. The company being a public limited company, this clause is not applicable.
4. The Board of Directors duly met six (6) times on 13.04.2013, 20.07.2013, 03.09.2013 and 15.10.2013, 15.01.2014 and 26.02.14 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for that purpose.
5. The company closed its Register of Members from 16.07.2013 to 19.07.2013 (both days inclusive) and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31.03.2013 was held on 20.07.2013 after giving due notice to the members of the company and other concerned and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the year under the report.
8. The company has not advanced any loans to its directors and / or persons or firms or companies referred to under section 295 of the Act. Hence not applicable.
9. The company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. There were no instances following within the purview of section 314 of the Act, hence the company was not required to obtain any approvals from the board of directors, members of the Central Government.
12. The Board of Directors and duly constituted committee of directors has approved the issue of duplicate share certificates.
13. The Company has :
 - (i) Not made any allotment during the financial year. However, the company has issued all certificates on lodgement of transfers.
 - (ii) Declared final dividend for the year 2012 -2013 on 20.07.2013. The company deposited the amount of dividend in a separate bank account on 24.07.2013 which is within five days from the date of declaration of dividend.
 - (iii) Paid / posted warrants for dividends to all the members within a period of 30 (thirty) days from the date of declaration. On 24.08.2013 the title of the Dividend Account was changed to Unpaid Dividend account.
 - (iv) There were no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereof which have remained unclaimed or unpaid for a period of seven years requiring transfer to Investor Education and Protection Fund.

- (v) The company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointment of additional director has been duly made. There were no appointments of alternate directors, and directors to fill casual vacancies during the year under report.
 15. The company has not appointed any Managing Director / Wholetime director / Manager during the year under report.
 16. The Company has not appointed any sole-selling agents during the financial year under report.
 17. There were no instances requiring the company to obtain the approval(s) of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
 18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The company has not issued shares/ debentures / other securities during the year under report.
 20. The company has not bought back any shares during the year under report.
 21. The company has not issued any preference shares / debentures and hence, the question of redemption of preference shares / debentures does not arise.
 22. There were no instances requiring the company to keep in abeyance rights to dividend, the rights shares and bonus shares pending registration of transfer of shares.
 23. The company has not accepted or invited any deposits requiring compliance with the provisions of sections 58 A and 58 AA read with Companies (Acceptance of Deposit) Rules, 1975 / the applicable directions issued by the Reserve Bank of India / any other authority.
 24. The amount borrowed by the Company from financial institutions and banks during the financial year ending 31st March 2014 is within the borrowing limits of the company.
 25. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act during the year under report.
 26. The company has not altered the provisions of the memorandum with respect to situation of company's registered office from one state to another during the year under scrutiny.
 27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
 28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
 29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
 30. The company has not altered its articles of association.
 31. As per the information given to us, no prosecution was initiated against or show cause notices received by the company for alleged offences under the Act and no fines and penalties or any other punishment imposed on the company during the financial year under scrutiny.
 32. The company has not received any money as security from its employees during the year under certification as per provisions of section 417 (1) of the Act and so no amount was required to be deposited.
 33. The company has not constituted a separate provident Fund Trust for its employees under Section 418 of the Act.

For KANJ AND ASSOCIATES

V. S. KHANVALKAR

PARTNER

FCS : 2489

CP : 1586

Place : Pune

Date : 07th April 2014

Annexure A

Registers as maintained by the Company

1. Books of Accounts u/s 209
2. Minutes of Board and General Meetings u/s 193
3. Register of Members u/s 150
4. Register of Directors u/s 303
5. Register of Directors Shareholding u/s 307
6. Register of Contract u/s 301
7. Register of Charges u/s 143
8. Register of Renewed and Duplicate certificate under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960.
9. Register of Directors Attendance.
10. Register of Shareholders Attendance.
11. Register of Proxies.
12. Register of Transfer.

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending on 31st March 2014.

Sr. No.	Particulars	S. R. N.	Date of Filing	Remarks
1.	Form 66 : Compliance certificate	Q 10121341	14.08.2013	-
2.	Form 32 : Change in Designation	B 81890246	16.08.2013	-
3.	Form 23 : AC / ACA XBRL	Q 10161651	16.08.2013	-
4.	Form 20 B : Annual Return	Q 10680528	02.09.2013	-
5.	Form 32 : Appointment of Director	B 83658252	05.09.2013	-
6.	Form 5 : INV Statement of unclaimed and unpaid amounts	S22374268	19.09.2013	-
7.	Form 32 : Appointment of Director	B 97696892	05.03.2014	-

For KANJ AND ASSOCIATES

V. S. KHANVALKAR

PARTNER

FCS: 2489

CP: 1586

Place : Pune

Date: 07th April, 2014

Balance sheet as at March 31st, 2014

(In Rupees)

	NOTE	Figures as at the end of Current Reporting Period ending on March 31, 2014	Figures as at the end of previous Reporting Period ending on March 31, 2013
I) Equity And Liabilities			
1. Shareholders' funds			
(a) Share Capital	1	17,001,563	17,001,563
(b) Reserves and surplus	2	(104,813,007)	48,659,074
(c) Money received against share warrants		--	--
2. Share application money pending allotment			
		(87,811,444)	65,660,637
3. Non-Current Liabilities			
(a) Long term borrowings		--	--
(b) Deferred Tax Liabilities (Net)	3	2,217,546	2,314,174
(c) Long Term Provisions	4	26,877,214	21,401,403
		29,094,760	23,715,577
4. Current Liabilities			
(a) Short Term Borrowings	5	59,467,379	40,126,985
(b) Other Current Liabilities	6	109,271,979	35,296,231
(c) Short Term Provisions	7	10,284,155	44,307,766
(d) Trade payables	8	66,471,751	114,482,284
		245,495,264	234,213,266
TOTAL		186,778,580	323,589,480
II. Assets			
(1) Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		99,388,959	106,751,539
(ii) Intangible assets		113,668	209,267
(iii) Capital work-in-progress		--	--
(iv) Intangible assets under development		--	--
(b) Non-current Investments		--	--
(c) Deferred Tax Assets (Net)		--	--
(d) Long Term Loans and Advances	10	6,805,406	37,464,939
(e) Other non-current assets		--	--
		106,308,033	144,425,745
(2) Current Assets			
(a) Current Investments		--	--
(b) Inventories	11	60,316,159	102,313,503
(c) Trade Receivables	12	15,564,705	66,885,193
(d) Cash and Cash Equivalents	13	1,177,488	1,496,775
(e) Short term Loans and Advances	14	3,392,624	8,313,051
(f) Other Current Assets	15	19,571	155,213
		80,470,547	179,163,735
TOTAL		186,778,580	323,589,480

As per our report of even date attached
for G. D. Apte & Co., Chartered Accountants

For & on behalf of the Board of Directors

R. D. Kulkarni, Partner, Membership No. 132708
Place : Pune, Date : 16th April, 2014

J. R. Sapre
Director

E. V. Bachute
Director

Statement of Profit and Loss Account for the year ended March 31st, 2014

(In Rupees)

	NOTE	Figures as at the end of Current Reporting Period ending on March 31, 2014	Figures as at the end of previous Reporting Period ending on March 31, 2013
Income			
Revenue from Operations	16	220,601,343	367,807,122
Other Income	17	4,911,925	8,340,045
Total Revenue		<u>225,513,268</u>	<u>376,147,167</u>
Expenses			
Cost of Materials Consumed	18	159,930,549	214,893,694
Purchases of Stock in trade (Patterns)		1,211,609	1,593,500
(Increase) Decrease in Inventories of finished goods and WIP	19	44,160,541	(17,522,047)
Employee benefit expenses	20	96,097,352	88,781,858
Finance costs	21	4,253,658	3,836,275
Depreciation and amortization expenses	9	8,040,781	8,423,108
Other expenses	22	63,946,851	69,556,704
Total expenses		<u>377,641,341</u>	<u>369,563,092</u>
Profit before exceptional prior period, Extraordinary items and tax		(152,128,073)	6,584,075
Prior period items		(1,578,534)	(21,194)
Extraordinary items		-	-
Profit before Tax		<u>(153,706,607)</u>	<u>6,562,881</u>
Tax Expenses	23	(96,628)	(534,821)
Adjustment for income tax of earlier year		(137,898)	-
Profit / (Loss) for the period from Continuing operations		(153,472,081)	7,097,702
Profit/(Loss) from Discontinuing Operations		-	-
Tax expenses of Discontinuing Operations		-	-
Profit / (Loss) from Discontinuing Operations (After Tax)		-	-
Profit / (Loss) For the Period		<u>(153,472,081)</u>	<u>7,097,702</u>
Balance Carried to Balance Sheet		<u>(153,472,081)</u>	<u>7,097,702</u>
Earning per share		(9.03)	0.42
1. Basic			
2. Diluted			
Significant Accounting Policies and additional disclosures forming part of financial statements As per our report of even date attached.	24		

For G. D. Apte & Co., Chartered Accountants

For & on behalf of the Board of Directors

R. D. Kulkarni, Partner, Membership No. 132708
Place : Pune, Date : 16th April, 2014

J. R. Sapre
Director

E. V. Bachute
Director

Cash Flow Statement for the year ended March 31st, 2014 (In Rupees)

	Figures as at the end of Current Reporting Period ending on March 31, 2014	Figures as at the end of previous Reporting Period ending on March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax From Continuing Operations	(153,706,607)	6,562,881
Adjustments for		
Depreciation	8,040,781	8,423,108
(Profit) / Loss on sale of fixed assets	(18,851)	(2,820,171)
Assets written off	856,015	-
Interest Income	(36,677)	(85,319)
Interest expenses	4,253,658	3,836,275
Operating profit / (loss) before working capital changes	(140,611,681)	15,916,774
Adjustments for		
Increase / (Decrease) in Long Term Provisions	5,475,811	3,102,143
Increase / (Decrease) in Other Current Liabilities	73,975,748	(16,860,885)
Increase / (Decrease) in Short Term Provisions	(28,946,150)	(1,210,797)
Increase / (Decrease) in Trade Payables	(48,010,534)	53,135,459
(Increase) / Decrease in Long Term loans and advances	29,053,155	2,368,555
(Increase) / Decrease in Inventories	41,997,344	(33,893,165)
(Increase) / Decrease in Trade Receivable	51,320,488	2,540,582
(Increase) / Decrease in short Terms loans and advances	4,920,427	(3,756,156)
(Increase) / Decrease in Other Current Assets	135,642	(27,285)
Cash generated from / (used in) operation	(10,689,749)	21,315,225
Income tax (paid) / Refund received	1,606,377	(3,082,074)
Net Cash from / (used in) operating Activities	(9,083,372)	18,232,951
Cash Flow from Investing Activities		
Purchase of Tangible and Intangible Assets	(1,502,765)	(11,827,949)
Sale proceeds from fixed assets	83,000	3,134,335
Interest income	36,677	85,319
(increase) / Decrease in Fixed Deposits	396,149	42,408
Net Cash from / (used in) Investing Activities	(986,939)	(85,65,889)
Cash Flow from Financing Activities		
Increase / (Decrease) in Short Term Borrowings	19,340,394	14,689,306
Increase / (Decrease) in Long Term Borrowings	-	(15,714,020)
Interest Expenses	(4,253,658)	(3,836,275)
Dividend and dividend tax paid	(4,939,563)	(4,870,746)
Net Cash flow from / (used in) Financing activities	10,147,173	(9,731,735)
Net Increase / (Decrease) in cash and cash equivalents	76,862	(64,673)
Cash and cash equivalents at the beginning of the year	646,775	711,448
Cash and cash equivalents at the end of the year	723,637	646,775

As per our report of even date attached
for G. D. Apte & Co., Chartered Accountants

For & on behalf of the Board of Directors

R. D. Kulkarni, Partner, Membership No. 132708
Place : Pune, Date : 16th April, 2014

J. R. Sapre
Director

E. V. Bachute
Director

NOTE 1

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Share capital

Authorised Capital

300,000,000 equity shares of Re. 1/- each (Previous Year 300,000,000 of Re. 1/- each)	300,000,000	300,000,000
--	-------------	-------------

Issued, Subscribed and fully Paid-up

17,000,000 Equity Shares of Re. 1/- each (Previous year 17,000,000 Equity Share of Re. 1/- each)	17,000,000	17,000,000
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Forfeited Shares	1,563	1,563
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Total	<u>17,001,563</u>	<u>17,001,563</u>
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A. Reconciliation of shares outstanding at the beginning and at the end of reporting period

Particulars	Figures as at the end of current Reporting period ending March 31, 2014		Reporting period ending March 31, 2013	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	17,000,000	17,000,000	17,000,000	17,000,000
Shares issued during the year	-	-	-	-
Reduction in share capital	-	-	-	-
Shares outstanding at the end of the year	17,000,000	17,000,000	17,000,000	17,000,000

B. Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of Re.1/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of the liquidation of company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

C. Shares held by Holding company

Out of 1,70,00,000 equity shares issued by the company, 16,313,718 Equity Shares (16,312,643 Previous year) are held by Kirloskar Brothers Limited, the Holding company

D. Details of shareholders holding more than 5% shares in the company

Name of the Shares Holder	Figures as at the end of current reporting Period ending March 31, 2014		Figures as at the end of current reporting Period ending March 31, 2013	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Kirloskar Brothers Ltd.	16,313,718	95.96	16,312,643	95.95

NOTE 2

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Reserves and Surplus**a) Securities Premium**

Opening balance	2,523,555	2,523,555
(+) Premium on issue of shares	-	-
(-) Amount utilised	-	-
Closing Balance	2,523,555	2,523,555

b) General Reserve

Opening balance	12,729,565	12,019,565
(+) transfer from surplus	-	710,000
(-) Written back	-	-
Closing Balance	12,729,565	12,729,565

c) Surplus

Opening balance	33,405,954	31,957,815
(+) Net profit / (Net loss) for the current year	(153,472,081)	7,097,702
(-) Proposed Dividend	-	4,250,000
(-) Tax on dividend	-	689,563
(-) Transfer to reserve	-	710,000
Closing balance	(120,066,127)	33,405,954

Total**104,813,007****48,659,074****NOTE 3**

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

A) Differed Tax Liabilities (Net)

1) On difference between Wdv of Asset Under Companies Act 1956 and The Income Tax Act 1961	11,066,817	11,226,230
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2) Other Timing Difference

	-	-
	11,066,817	11,226,230

B) Differed Tax Assets

1) Provision for employees benefits, Gratuity Leave encashment	8,614,431	8,788,456
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2) This Allowances U / S 43 B of Income Tax Act

	234,840	123,600
	8,849,271	8,912,056
	2,217,546	2,314,174

**Incremental Liability / (Asset)
Charged to Profit and Loss A/C**

(96,628)**(1,972,821)**

NOTE 4

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

LONG TERM PROVISION

Provision for employees benefits (unfunded)

(1) Gratuity	23,819,122	19,150,135
(2) Leave encashment	3,058,092	2,251,268
Total	26,877,214	21,401,403

NOTE 5

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

SHORT TERM BORROWINGS

Secured

a) Loans repayable on demand from banks
and financial institutions

1) Cash Credit - IDBI Bank	9,467,379	33,408,818
2) Bill Disc (LC) - IDBI Bank	-	6,718,167
b) Intercompany deposit (ICD)	50,000,000	-

	59,467,379	40,126,985
Total	59,467,379	40,126,985

Nature of security

- The Cash Credit from IDBI Bank is secured by hypothecation and first charge on pari-passu basis on net block of plant and machinery and current assets.
- The bill discounted (LC) of IDBI Bank is secured by drawer's bank letter of credit.

NOTE 6

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

A) CURRENT MATURITIES OF LONG TERM DEBTS

1) Inter Corporate Deposit from holding company (Refer note 1 below)	13,214,020	15,714,020
b) Interest payable on inter corporate deposit	221,917	-
c) Unpaid dividend (unclaimed)	597,258	522,814
d) Others		
1) Advances from customers (Refer note 2 below)	70,487,698	438,462
2) Excise duty on closing stock	821,360	2,459,325
3) VAT and CST Payable	55,131	608,611
4) Tax deducted at source (TDS) Payable	418,542	125,419
5) Earnest money deposit payable (Hall booking)	15,304	23,987
6) Earnest money deposit payable (Other)	25,000	25,000
7) Unpaid bonus	18,806	34,324
8) Benevolent Fund Payable	509,392	130,312
9) Salary and wages payable	8,115,710	5,335,881
10) Leave travel allowance	64,800	548,838
11) P. F. Collections Payable	420,906	615
12) Bonus and Ex-Gratia	6,160,000	5,400,000
13) Performance pay to staff	1,244,260	-
14) Contribution to P. F. and Superannuation	446,381	441,670
15) Provision for other expenses	3,293,320	2,731,953
16) Audit fees payable	755,000	755,000
17) Profession Tax payable	53,375	-
18) LIC Collection Payable	81,783	-
19) Provision for casting late delivery charges	923,016	-
20) Provision for casting rectification charges	1,068,000	-
21) Provision for RT charges	261,000	-
Total	109,271,979	35,296,231

1) The Company has availed an interest free unsecured loan from holding company, in the nature of intercorporate deposit reach has been repaid to the extent of Rs. 2,500,000/- during the current year.

2) Advance from customer includes Rs. 47580302/- from holding company Kirloskar Brothers Limited.

NOTE 7

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

SHORT TERM PROVISION**a) Provision for employee benefits**

i) Gratuity payable	5,225,424	4,200,719
ii) Leave encashment Payable	3,620,731	2,839,484

b) Others

a) Proposed dividend	-	4,250,000
b) Dividend distribution tax	-	689,563
c) Provision for tax	1,438,000	32,328,000

Total	10,284,155	44,307,766
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NOTE 8

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

TRADE PAYABLES

(i) For goods, services and advances

Total outstanding dues of creditors other than
Micro, Small and Medium Enterprises

66,471,751

113,075,000

(ii) Others

-

1,407,284

Total

66,471,751

114,482,284

NOTE 9**Fixed Assets**

Sr. No.	Fixed Assets	Gross Block			
		As on 1-4-2013	Additions	Disposals	As on 31-03-2014
	Tangibles				
1.	Land	11,797,608	-	-	11,797,608
2.	Buildings	34,055,653	838656	-	34,894,318
3.	Electric fittings	227,146	-	-	227,146
4.	Plant and equipments	122,062,029	664,100	3,665,910	119,060,219
5.	Research and Development Machinery	2,306,845	-	-	2,306,845
6.	Vehicles	2,188,817	-	-	2,188,817
7.	Furniture and Fixtures	428,643	-	62,474	366,169
8.	Office Equipments	2,693,510	-	-	2,693,510
	Total of Tangible Assets	175,760,251	1,502,765	3,728,384	173,534,632
	Intangibles				
1.	Computer Software	2,910,099	-	-	2,910,099
	Total of Intangible Assets	2,910,099	-	-	2,910,099
	Total	178,670,350	1,502,765	3,728,384	176,444,731
	Previous year	170,081,690	11,827,949	3,239,290	178,670,349

*** Note :**

- There are no acquisitions / disposals / additions through business combination, revaluation or any other adjustment.
- As per information given by the management there is no impairment of assets during the year 2013-14.

Amount in Rs.

Depreciation				Net Block	
Upto 01-04-2013	for the year	On Disposal	Upto 31-03-2014	As on 31-03-2014	As on 31-03-2013
-	-	-	-	11,797,608	11,797,608
9,980,548	822,197	-	10,802,745	24,091,573	24,075,105
214,488	918	-	215,406	11,740	12,658
53,863,842	6,803,526	2,804,266	57,863,102	61,197,117	68,198,187
2,163,000	9,500	-	2,172,500	134,345	143,845
620,175	207,937	-	828,112	1,360,705	1,568,642
300,638	7,071	3955	303,754	62,415	128,005
1,866,021	94,032	-	1,960,054	733,456	827,489
69,008,712	7,945,181	2,808,221	74,145,673	99,388,959	106,751,539
2,700,831	95,600	-	2,796,430	113,668	209,267
2,700,831	95,600	-	2,796,430	113,668	209,267
71,709,543	8,040,781	2,808,221	76,942,103	99,502,627	106,960,806
66,211,561	8,423,108	2,925,125	71,709,544	1,069,060,807	103,870,129

NOTE 10

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Long Term Loans and Advances

a) Advance Income Tax	3,154,180	35,470,872
b) Prepaid expenses	-	63,881
c) Sales tax receivable	3,109,019	1,387,979
d) Excise duty receivable	542,207	542,207
Total	<u>6,805,406</u>	<u>37,464,939</u>

NOTE 11

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Inventories

(a) Raw material	28,412,518	28,540,669
(b) Work-In-process	11,303,046	37,913,484
(c) Finished goods	7,466,669	22,356,772
(d) Stock in Trade	10,000	2,670,000
(e) Stores and spares	12,628,669	10,337,321
(f) Ingots Mould	495,257	495,257
Total	<u>60,316,159</u>	<u>102,313,503</u>

Mode of Valuation : Inventory valued at lower of cost and net realizable value.

NOTE 12

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Trade receivable

1. Trade receivable Outstanding for a period less than six months unsecured, considered good	15,463,250	61,738,251
2. Trade receivable Outstanding for a period exceeding six months unsecured, considered good	101,455	5,146,942
Total	<u>15,564,705</u>	<u>66,885,193</u>

NOTE 13

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Cash and Cash Equivalents

1. Cash and bank balances

(a) Balances with bank	56,423	34,312
(b) Cash on hand	69,956	89,649
(c) Balances with unpaid dividend Accounts	597,258	522,814
	<u>723,637</u>	<u>646,775</u>

2. Other bank balances

a) Bank deposits with maturity more than 03 months but less than 12 months	103,851	-
b) Bank deposit with maturity more than 12 months	350,000	850,000
	<u>453,851</u>	<u>850,000</u>
Total	<u>1,177,488</u>	<u>1,496,775</u>

NOTE 14

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Short Term Loans and Advances

(a) Loans and advances to related party unsecured considered good	-	1,274,252
	<u>-</u>	<u>1,274,252</u>
(b) Others		
Unsecured, considered good		
1. Salary Advances to employees	22,858	5,551
2. Advances to suppliers	294,235	656,476
3. Security deposits		
Previous year, deposit includes Rs. 2044932/- with Government / Semi-Government bodies	105,608	2,133,246
4. Prepaid expenses	324,929	653,159
5. Sales Tax receivable	177,407	1,461,118
6. Excise Duty Receivable	2467,587	2,129,249
Total	<u>3,392,624</u>	<u>8,313,051</u>

NOTE 15

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Other Current Assets

1. Interest Receivable	4,421	155,213
2. Insurance claim receivable	15,150	-
Total	<u>19,571</u>	<u>155,213</u>

NOTE 16**REVENUE FROM OPERATIONS**

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

1) Sale of products (Refer Note 24 (B) (5))	240,581,473	403,288,911
Less : Excise duty	26,686,561	43,891,930
	213,894,912	359,396,981
2) Income from Services	4,242,624	6,864,592
3) Other operating Revenue	2,463,807	1,545,549
Total	220,601,343	367,807,122

NOTE 17

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Other Income :

1. Interest Received		
a) From Banks	36,677	85,319
b) From customers	-	47,158
c) On Income Tax Refund	176,703	-
d) On M. S. E. D. C. L. Deposit	63,993	184,958
	277,373	317,435
2. Weighing scale Receipts	2,724,287	2,805,022
3. Profit on sale of fixed assets (Net)	18,851	2,820,171
4. Disposal of stores Material	571,376	724,843
5. Hall booking Receipt	627,000	651,320
6. Misc. Receipt	111,722	319,980
7. Sundry Credit Balance Written Back	397,887	273,044
8. Excess Provision Written Back	143,826	357,999
9. Foreign Exchange Difference gain	39,603	6,230
10. Transport Charges Receipt	-	64,000
Total	4,911,925	8,340,045

NOTE 18

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Cost of Material consumed

Raw Materials Consumed (Refer Note 24 (B) (4))	62,688,732	94,254,142
Consumption of stores	75,231,923	92,961,398
Other Labour Cost	22,009,894	27,678,154
Total	159,930,549	214,893,694

NOTE 19

	Figures as at the end of Current Reporting Period ending on March 31, 2014	Figures as at the end of previous Reporting Period ending on March 31, 2013
(Increase) / Decrease in Stock :		
Closing Stock :		
Finished Goods	7,466,669	22,356,772
Work In Progress	11,303,046	37,913,484
Stock in trade of patterns	10,000	2,670,000
	<u>18,779,715</u>	<u>62,940,256</u>
Less : Opening Stock :		
Finished Goods	22,356,772	9,002,709
Work In Progress	37,913,484	34,613,500
Stock in trade of patterns	2,670,000	1,802,000
	<u>62,940,256</u>	<u>45,418,209</u>
(Increase) / Decrease In Stocks	<u>44,160,541</u>	<u>(17,522,047)</u>

NOTE 20

	Figures as at the end of Current Reporting Period ending on March 31, 2014	Figures as at the end of previous Reporting Period ending on March 31, 2013
Employee Benefit Expenses		
1. Salaries, wages and bonus	75,261,506	72,788,099
2. Contribution to Provident Fund and Other Funds	5,310,157	5,237,846
3. Welfare Expenses	7,077,800	6,466,625
4. Gratuity	8,447,889	4,289,288
Total	<u>96,097,352</u>	<u>88,781,858</u>

NOTE 21

	Figures as at the end of Current Reporting Period ending on March 31, 2014	Figures as at the end of previous Reporting Period ending on March 31, 2013
Finance Cost		
1) Interest Expense		
a) Banks	3,836,219	3,439,345
b) Intercompany Deposit	246,575	-
2) Other Borrowing Cost		
a) Bank Commission and Other Charges	170,864	396,930
Total	<u>4,253,658</u>	<u>3,836,275</u>

NOTE 22

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Other Expenses

1. Repairs and maintenance expenses		
a) Plant and machinery	373,125	2,423,422
b) Buildings	23,135	152,119
c) Non-factory building	13,780	60,301
d) Vehicles	29,705	47,940
2. Power and Fuel	45,995,423	50,858,032
3. Rent	54,000	890,666
4. Rates and taxes	434,030	484,216
5. Other Insurance	501,928	455,054
6. Legal and consultation charges	2,808,993	1,912,820
7. Remuneration to auditors :		
(i) Audit Fees	550,000	550,000
(ii) Tax audit Fees	150,000	150,000
8. Travelling and conveyance	1,312,857	1,966,488
9. Fuel Expenses to Vehicles	519,070	726,234
10. Selling expenses	1,073,273	1,472,807
11. Commission on sales	-	62,000
12. Assets Written Off	856,015	-
13. Sundry Debit Balances and Bad Debts Written Off	713,574	1,038
14. Casting late delivery charges	4,386,201	1,298,796
15. Other Factory and Miscellaneous expenses	3,782,640	3,207,300
16. Excise duty on closing stock of finished goods	-	2,459,325
17. Inward Transportation	201,901	14,116
18. Interest paid on indirect taxes	157,842	364,031
19. Service tax paid on car hire charges	9,359	-
Total	63,946,851	69,556,704

NOTE 23

Figures as at the end of
Current Reporting Period
ending on March 31, 2014

Figures as at the end of
previous Reporting Period
ending on March 31, 2013

Tax Expenses

Income Tax for the year

Current	-	1,438,000
Deferred	(96,628)	(1,972,821)
Total	(96,628)	(534,821)

NOTE 24

I. SIGNIFICANT ACCOUNTING POLICIES AND ADDITIONAL DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS

(A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards ('AS') by Companies Accounting Standard Rules, 2006, the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. Use of Estimates

The preparation of the financial statements requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

3. Revenue Recognition

Sale of products and services are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and when services are rendered.

Export of goods is recognized when the goods are removed from factory i. e. when all significant risks and rewards are transferred.

Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, revenue recognition is postponed to the extent of uncertainty involved. In such cases revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

4. Fixed Assets

Fixed Assets are recorded at cost of acquisition or construction net of credit of Central Excise Duty, Sales Tax and VAT, amounts added on revaluation less accumulated depreciation. All direct expenses attributable to Fixed Assets and expenses incurred for bringing the asset to its working condition for its intended use are included in the cost of acquisition.

The carrying amount of assets is reviewed at each balance sheet date to determine if there is any indication of impairment thereof based on external / internal factors. An impairment loss is recognised as an expense in the Profit and Loss Account wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their value in use.

4A. Depreciation

(a) Tangible Assets

Depreciation is provided on straight line method (SLM) at the rates and in the manner prescribed in the Schedule XIV to the companies Act, 1956

Depreciation on addition to assets or sale / disposal of assets is calculated pro rata from the date of such addition or up to the date of sale / disposal, as the case may be.

(b) Intangible Assets

Computer Software is amortized on straight line method over a period of three years.

5. Foreign Currency Translation

Initial recognition

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

Conversion

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

Exchange differences

All exchange differences are dealt with in the profit and loss account, except those relating to fixed assets acquired from outside India, which are adjusted in the cost of the relevant fixed assets.

6. Leases

Operating lease payments, if any, are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

7. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

8. Investments

Long term investments are carried at cost less provision for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value.

9. Inventories :

Raw materials, stores and spares

Raw materials, stores and spares are valued at the lower of cost and net realizable value. The cost comprises of all the costs of purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on moving average basis.

Work-in-process

Work-in-process has been valued at the lower of cost and net realisable value. Cost includes direct materials and labour and part of manufacturing overheads based on normal operating capacity.

Finished goods

Finished Goods have been valued at lower of cost and net realisable value. Excise duty at applicable rate is included in the value of finished goods.

Patterns Held for Resale

The Inventory of patterns purchased and held for sale is valued at cost. The cost comprises of all the costs of purchases, conversion and other costs incurred in bringing the inventories to their present location and condition.

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

10. Employee Benefits

Provident Fund

All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a predetermined rate. The Company has no liability for future Provident Fund benefits, other than its annual contribution and recognizes such contributions as an expense in the year incurred.

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees at retirement, death while in employment or on termination of employment. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out annually for assessing liability as at the balance sheet date.

Leave Encashment

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

Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

11. Taxation

Tax expense comprises current and deferred income tax.

Current Tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax is recognised, subject to consideration of prudence. 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. In a situation where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

The unrecognized deferred tax assets are re-assessed by the Company at each balance sheet date and are recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

12. Provisions and Contingent Liabilities

The Company recognises a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

13. Earnings per share

Earnings Per Share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

(B) Additional Disclosures Forming Part of Financial Statements

1. The Company is primarily engaged in business of Steel and Alloy casting. Further, the Company does not have any separate geographic segments other than India. As such, there are no separate reportable segments as per AS - 17 'Segment Reporting' notified under Companies Accounting Standard Rules, 2006.
2. The Company has not received any Intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end, together with the interest paid / payable as required under the said Act, have not been given.
3. Balances of Sundry Creditors, Sundry Debtors and Advances recoverable in cash or kind are subject to confirmation, reconciliation and consequential adjustment, if any.

4. Raw material consumed :

The raw material consumed of Rs. 626.089 lacs includes Rs. 157.38 lacs on account of shortages observed in raw material inventory during physical verification.

5. Contingent Liabilities :

Claims against the Company not acknowledged as debts : (Amount in Rs.)

S.N.	Particulars	As at 31-03-2014	As at 31-03-2013
1.	Disputed Excise Duty Dues (refer Note below)	1,092,474	1,092,474

Against these demands an amount of Rs. 5,42,000 (Previous Year Rs. 5,42,000) has been paid under protest.

6. Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances given) Rs. NIL (Previous Year NIL)

7. Earnings Per Share (EPS)

EPS is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per equity share are as stated below : (Amount in Rs.)

Particulars	Year ended on 31-03-2014	Year ended on 31-03-2013
Net Profit / (Loss) for the Year	(153,472,081)	7,097,702
Weighted average number of Equity shares outstanding	17,000,000	17,000,000
Earnings Per Share (Rs.) - Basic and Diluted Face value of Re.1/- per share (Previous Year Re.1/- per share)	(9.03)	0.42

8. Related Party Disclosure

Key Managerial Personnel

As per Accounting Standard 18 'Related Party Disclosures', the disclosures of related parties as defined in the Accounting Standards are given below :

Names of the related parties where control exists irrespective of whether transactions have occurred or not :

a) Enterprise having significant influence over the Company and Key Managerial Personnel :

Name of the Related Party	Relationship
1. Kirloskar Brothers Limited	Enterprise having significant influence over the Company - Holding Company
2. Karad Projects & Motors Limited	Enterprise having significant influence over the Company - Fellow Subsidiary
3. Mr. Sambhaji V. Yesugade	Key Management Personnel - Chief Executive From 1st April 2013 to 31st August 2013
4. Mr. Sadanand G. Pose	Key Management Personnel - General Manager (HRM & GAD) From 1st September, 2013 to 3rd January, 2014
5. Mr. Basant K. Grover	Key Management Personnel- Chief Executive From 4 th January, 2014

b) Details of Transactions with Related Parties :

(Amount in Rs.)

Particulars	Holding Company		Fellow Subsidiary		Key Management Personnel	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
1. Purchase of goods	-	12,534,485	527,185	3,080,363	-	-
2. Sales of goods	166,437,033	257,838,500	-	-	-	-
3. Rendering of services	966,413	-	-	-	-	-
4. Management Contracts including for deputation of employees	880,662	-	-	-	-	-
5. Expenditure	-	-	-	-	-	-
a) Remuneration paid	-	-	-	-	2,499,940**	3,957,882
b) Receiving of Services	198,795	-	-	-	-	-
c) Dividend Paid	4,078,161	4,078,031	-	-	-	-
d) Reimbursement of expenses	155,048	1,266,322	7,624	-	-	-
6. Purchase of Fixed Assets	-	311,154	-	-	-	-
7. Repayment of Loan	2,500,000	30,000,000	-	-	-	-
8. Balance Outstanding at the year end	-	-	-	-	-	-
Equity Share Capital	16,313,718	16,312,643	-	-	-	-
Interest Free Unsecured Loan	13,214,020	15,714,020	-	-	-	-
Trade Receivables	47,580,302	9,832,695	-	-	-	-
Trade Payable	-	-	220,272	-	-	-
Other Payables	-	-	-	-	197,812	-

Name of KMP	Total Rs.
Mr. Sambhaji V. Yesugade	1,262,788
Mr. Basant K. Grover	648,164
Mr. Sadanand G. Pose	588,987
Total	2,499,940

9. Employment benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

Consequent to adoption of revised AS 15 'Employee Benefits' issued by the Institute of Chartered Accountants of India and notified under Companies Accounting Standards Rule, 2006, following disclosures have been made as required by the standard :

Defined Benefit Plan

The Company provides for gratuity and leave expenses on the basis of actuarial valuation. The Company does not have any fund for Gratuity liability and same is accounted for as provision.

a) Expenses recognized in the Profit and Loss Account : (Amount in Rs.)

Particulars	Year ended on 31-03-2014	Year ended on 31-03-2013
Current Service Cost	1,793,669	1,449,630
Interest Cost on benefit obligation	1,757,900	1,726,876
Actuarial (Gain) / Loss	4,896,320	969,738
Past Service Cost	NIL	NIL
Net Expense	8,447,889	4,146,244

b) Net Asset / (Liability) recognized in the Balance Sheet : (Amount in Rs.)

Particulars	Year Ended on 31-03-2014	Year Ended on 31-03-2013
Defined Benefit obligation	29,044,546	23,350,854
Fair value of planned assets	NIL	NIL
Less : Unrecognised past service cost	NIL	NIL
Net Assets / (Liabilities)	29,044,546	23,350,854

Changes in present value of Defined benefit obligation are as follows : (Amount in Rs.)

Particulars	Year Ended on 31-03-2014	Year Ended on 31-03-2013
Present value of obligation as at the start of the year	23,350,854	21,427,777
Current service cost	1,793,669	1,449,630
Interest cost	1,757,900	1,726,876
Benefits paid	(27,54,197)	(2,223,167)
Actuarial gain / (loss) on obligations	4,896,320	969,738
Present value of obligation at the end of the year	29,044,546	23,350,854

The principal actuarial assumptions used in determining gratuity are shown below :

Particulars	Year Ended on 31-03-2014	Year Ended on 31-03-2013
Discount Rate	9.10 %	8.00 %
Rate of return on plan Assets	NA	NA
Salary Escalation per annum	10.00 %	5 %
Employee Turnover	6 %	6 %

Amount for current and previous two periods are as follows :

(Amount in Rs.)

Particulars	Year Ended on 31-03-2014	Year Ended on 31-03-2013	Year Ended on 31-03-2012
Defined benefit obligation	29,044,546	23,350,854	21,427,777
Plan Asset	NIL	NIL	NIL
Surplus / (Deficit)	(29,044,546)	(23,350,854)	(21,427,777)
Experience adjustment on plan Liabilities / Assets	(152,153)	(3,68,948)	(3,382,740)

10. Expenditure in Foreign Currency (On Cash Basis)

(Amount in Rs.)

Particulars	Year Ended on 31-03-2014	Year Ended on 31-03-2013
Import of Machinery	NIL	278,422
Export sales - SS castings	NIL	5,877,608
Import of Silica sand	15,29,098	278,308

11. Cash and Cash Equivalents

(Amount in Rs.)

Particulars	Year Ended on 31-03-2014	Year Ended on 31-03-2013
Cash and Bank balance (As per Note 13)	1,177,488	1,496,775
Less : Fixed Deposits having original maturity greater than three months	453,851	850,000
Cash and Cash equivalents considered for Cash Flow Statement	723,637	646,775

12. Prior Period Items :

Prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statement of one or more prior periods.

Major Components of prior period items are :

(Amount in Rs.)

Particulars	Year Ended on 31-03-2014	Year Ended on 31-03-2013
Radiography Charges	12,12,069	-
Inspection Charges	1,09,642	-
ISO Expenses	94,102	-
Interest Paid on Differential Excise Duty	86,851	-
Proof Machining Charges	76,000	-
Other expenses	53,255	45,789
Other Income	(53,385)	(24,595)
Total	15,78,534	21,194

13. Figures of the previous year have been regrouped wherever necessary.

As per our report of even date attached
For **G. D. Apte & Co.**
Chartered Accountants
Firm Registration No. 100515W

For and on Behalf of Board of Directors

R. D. Kulkarni
Partner
Membership No. 132708

J. R. Sapre
Director

E. V. Bachute
Director

Date : April 16, 2014
Place : Pune.