Enriching Lives

THE KOLHAPUR STEEL LIMITED

A Kirloskar Group Company

INSPIRING TRUST. LEADING INNOVATION.

53rd ANNUAL REPORT 2017-18

INSPIRING TRUST. LEADING INNOVATION.

Your company inspiring trust and leading the path by innovation by way of:

- Biggest casting manufactured and dispatched (1800 mm MDNRV Inlet Body) single piece heavy casting of weight 13.5 MT to KBL, Kondhapuri (in terms of volume) for industrial valve segment.
- Manufactured castings for prestigious project of Nuclear Power Corporation of India Limited.
- First time ever manufactured Pelton Turbine Runner (weight 3 MT.) with the help of 3D print mould and cores.
- First time ever manufactured Francis Turbine Runner with the help of 3D cores.
- Received and executed first order of GE Hydro (GE Power India Limited).
- Explored overseas market and secured order from Termomeccanica Pompe, Italy and KLEEMANN GmbH, Germany (Wirtgen Group).
- Received Certifications for NORSOK, PED and Well Known Foundry.

Annual Report for the financial year ended on 31st March 2018.

BOARD OF DIRECTORS

C. M. Mate	Chairman
Ravindra Samant	Managing Director
Sandeep Phadnis	Director
Ravi Sinha	Director
K. Taranath	Independent Director
Achyut Gokhale	Independent Director
Sanjay Wadnerkar	Director (up to 14.06.2017)

CHIEF EXECUTIVE OFFICER
Harihara Subramani

CHIEF FINANCIAL OFFICER
Ananta Charan Das

COMPANY SECRETARY
Siddhesh Mandke

AUDITORS
M/s. P. G. Bhagwat, Chartered Accountants, Pune

BANKERS
ICICI Bank Ltd.

REGISTERED OFFICE AND FACTORY

At & Post: Pune - Bangalore Highway,
Shiroli (Pulachi), Taluka - Hatkanangale,
Kolhapur - 416 122
Tel. No.: (0230) 2468061 / 62 / 63
Website: www.kolhapursteel.com

REGISTRAR AND TRANSFER AGENT

M/s. 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 / 26161629
Fax No.: (020) 26163503
E-mail: pune@linkintime.co.in

Information for shareholders

Annual General Meeting

Day and Date	:	Wednesday, 18th July 2018
Time	:	11.00 a.m.
Venue	:	The Kolhapur Steel Limited Pune-Bangalore Highway Shiroli (Pulachi), Taluka : Hatkanangale Kolhapur - 416122

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NOTICE

Notice is hereby given that the 53rd 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 Wednesday, 18th day of July, 2018 at 11.00 a.m. to transact the following business:

1. To consider and adopt the Financial Statements as at March 31, 2018 and Boards' Report and Auditors' Report thereon.

2. To appoint a director in place of Mr. Ravi Sinha (DIN 07430157) who retires by rotation and being eligible, offers himself for re-appointment.

By the order of the Board of Directors
For **THE KOLHAPUR STEEL LIMITED**

sd/-
Siddhesh Mandke
Company Secretary

Place: Pune
Date : May 9, 2018

NOTES:

1. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   A person can act as a proxy on behalf of Members not exceeding 50 (Fifty) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as Proxy for his entire shareholding and such person shall not act as a Proxy for another person or shareholder. An authorised representative of a body corporate, holding shares in a Company, may appoint a proxy under his signature An instrument of proxy duly filled, stamped, dated and signed should be lodged at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting (AGM). Proxy form which does not state the name of the Proxy shall not be considered valid. During the period beginning 24 hours before the time fixed for the commencement of AGM and ending with the conclusion of AGM, Member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided written notice is given to the Company at least 3 (three) days before the commencement of AGM. The proxy holder shall bring his/her ID-proof for the purpose of identification at the time of attending the AGM.

2. Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 (Act) will be available for inspection by the Members at the time of the AGM.

3. Register of Contracts or Arrangements in which the directors are interested, as maintained under Section 189 of the Act, will be available for inspection by the Members at the time of the AGM.

4. In case, Members wish to ask for any information about the accounts or operations of the Company, they are requested to send their queries, in writing at least 7 (seven) days before the date of the AGM, so that the information can be made available at the time of the AGM.

5. Members of the Company and / or their proxies only will be allowed to attend the AGM. Before entering the meeting hall, Members and/ or proxies are requested to sign the Attendance Slip in the prescribed form and leave it at the counter.

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

6. 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.

7. Members who hold shares in physical form are requested to notify any change in their address to the Company / Registrar & Transfer Agents (R&T Agent) at the address mentioned below. Members, having multiple folios, are requested to intimate to the Company / R&T Agent such folios, to consolidate all shareholdings into one folio.

8. The Company has appointed M/s. Link Intime India Private Limited as its R&T Agent. Therefore, all correspondence relating to transfer and transmission of shares, issue of duplicate share certificates, change of address, dematerialisation of shares, payment of unclaimed dividend etc. will be attended and processed at the office of the R&T Agent at the following address:-

   M/s. 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
   E-mail: pune@linkintime.co.in

9. The unclaimed dividend of Rs. 208,388/- for the financial year 2009 - 10 and the underlying 165,226 (number) shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more has been transferred to Investor Education and Protection Fund" (IEPF) pursuant to the applicable provisions of Section 124 and 125 of the Act and Investor Education and protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") and amendments thereof, if any. In terms of the said Section read with relevant Rules, any money transferred to the Unpaid Dividend Account of the Company, which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to a fund called IEPF, established by the Central Government. Accordingly, the unpaid / unclaimed dividend for the financial year 2010-11 and onwards which has not been paid or claimed for 7 (seven) consecutive years or more will become transferable from the respective dates of transfer of such money to the unclaimed dividend account of the Company to IEPF.

   The details of the same are given below:

Year	Dividend in ₹ per share	Date of declaration	Due Date of transfer to the IEPF Account
2010 - 11	1.00	14-Jul-11	August, 2018
2011 - 12	0.25	14-Jul-12	August, 2019
2012 - 13	0.25	20-Jul-13	August, 2020

   The Company has not declared any dividend after the financial year 2012-13. In terms of the IEPF (Uploading of Information regarding unpaid dividend amount lying with the Companies) Rules, 2012, the details of unclaimed dividend up to the year 2012-13 have been uploaded on Company's website at www.kolhapursteel.com. Further, names of shareholders along with their folio number or DP ID - Client ID, whose shares will be transferred to IEPF are also available on the website. This will facilitate the shareholders to claim their unclaimed dividend and shares. 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.

10. Pursuant to the provisions of Section 124(5) and 125 of the Act and "IEPF Rules" and amendments thereof, if any, all shares on which dividend amount has not been paid / claimed for 7 (seven) consecutive years or more shall be transferred by way of a corporate action to the Demat Account of IEPF Authority, after complying with the procedure laid down under the IEPF Rules. The details of the shares transferred and identified to be transferred pursuant to IEPF rules are available on the website of the Company i.e. www.kolhapursteel.com

    In terms of the provisions under the said Rule, the said shares and the dividend transferred to IEPF can be claimed by the shareholders or his /her legal heir subject to submission of prescribed documents and compliance of certain conditions as mentioned in the said Rule. The procedure for the same is available on the website of the Company at www.kolhapursteel.com.

11. In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Companies Management and Adminitration) Amendment Rules, 2015 as amended and Secretarial Standards on General Meeting(SS-2), all the businesses i.e. Ordinary and Special may be transacted through electronic voting system (remote e-voting), which is being provided by the Company or by ballot paper at the venue of the AGM. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the remote e-voting facility, which is available at the link https://www.evoting.nsdl.com. The instructions for remote e-voting are given herein below.

E- Voting instructions:

12. The notice of the AGM is being sent to the Members, whose names appear in the Register of Members as on June 15, 2018. The cut-off date for entitlement of voting rights for the purpose of remote e-voting shall be considered on the number of shares registered in the name of the shareholders. The cut-off date for remote e-voting shall be Thursday July 11, 2018 for beneficial owners holding shares in electronic form and members holding in physical form.

13. The Board has appointed Mr. Vinayak Khanvalkar, a Practicing Company Secretary, Pune as a Scrutinizer to scrutinize the process of remote e-voting and voting by ballot in accordance with the law and in a fair and transparent manner.

14. The remote e-voting shall commence on Sunday, July 15, 2018 at 9.00 a.m. and end on Tuesday, July 17, 2018 at 5.00 p.m. Remote e-voting shall not be allowed beyond Tuesday, July 17, 2018 at 5.00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date July 11, 2018 may cast their vote electronically. The remote e-voting portal/facility shall forthwith be blocked by NSDL for voting after 5.00 p.m. on Tuesday, July 17, 2018.

    The Chairman shall, at the 53rd AGM, at the end of discussion on the resolutions as mentioned in the Notice on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of ballot paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

15. In case of Members, who have registered their e-mail IDs with the Company :

    i. For remote e-voting, Member should log on to https://www.evoting.nsdl.com and click on 'Shareholder - Login' during the period mentioned in point No. 14 above.

    ii. Enter User ID, password and verification code as shown on the screen and click login.

    Alternatively, if a Member is registered for NSDL eservices i.e. IDEAS, Member can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once Member logs-in to NSDL eservices after using log-in credentials, click on e-Voting and proceed to cast vote electronically.

    User ID details for existing and new users are as given below :

	Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**User ID :**
a)	For Members who hold shares in demat account with NSDL.	Eight (8) character DP ID followed by Eight (8) Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b)	For Members who hold shares in demat account with CDSL.	Sixteen (16) Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c)	For Members holding shares in Physical Form. followed by your Folio Number registered with the Company.	'Electronic Voting Event Number' (EVEN) For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

iii. If a Member is already registered with NSDL for remote e-voting, then a Member can use his/her existing user- ID & password for login.

iv. Password details for new users are as given below:

a) If a Member is using NSDL e-Voting system for the first time, he/she will need to retrieve the 'initial password' which was communicated. Once 'initial password' is retrieved, the system will prompt to change the password.

b) Steps to retrieve 'initial password'

(i) If e-mail ID is registered in demat account, use the 'initial password' sent by NSDL on registered e-mail ID. The password to open the attached pdf file in the e-mail is Eight (8) digit client ID for NSDL account, last Eight (8) digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains 'User ID' and 'initial password'.

(ii) If email ID is not registered, the 'initial password' is communicated on his/her postal address.

If a Member is unable to retrieve or has not received the "Initial password" or has forgotten the password:

a) Click on "Forgot User Details/Password"

b) Physical User- Click on "Reset Password"

(iii) If a Member is still unable to get the password by aforesaid two options, he/she can send a request at evoting@nsdl.co.in mentioning his/her demat account number/folio number, PAN, name and registered address.

(iv) After entering the password, tick on Agree to "Terms and Conditions" by selecting on the check box. Now, click on "Login" button, Home page of e-Voting will open.

(v) After log in as mentioned in the above steps, click on 'e-voting: Active Voting Cycles'.

(vi) Select the (EVEN) of The Kolhapur Steel Limited (which is provided in the attendance slip).

(vii) Now you are ready for remote e-voting as 'voting page' opens.

(viii) Cast your vote by selecting appropriate option and click on 'submit' and also 'confirm' when prompted.

(ix) Upon confirmation, the message 'vote cast successfully' will appear. Once you have cast your vote on the resolution, you will not be allowed to modify it.

(x) Institutional shareholders are required to send the scanned copy (in PDF or JPEG format) of the relevant Board Resolution / Authority letter /Power of Attorney etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer at vinayak.khanvalkar @kanjcs.com with a copy marked to evoting@nsdl.co.in.

(xi) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

16. In case of other Members:

You will receive login ID and password at the bottom of the Attendance slip. Please follow steps from 15 (iv) to (xi) for casting vote electronically.

17. For those who have acquired shares and become Members of the Company after dispatch of notice and are entitled on the cut-off date i.e. July 11, 2018 for voting, may write to the Company at designated e-mail ID laxmikant.katekar@kolhapursteel.com or Ms. Pallavi Mhartre, Assistant Manager NSDL or Mr. Mandar Gaikwad Assistant Manager, NSDL,at his designated e-mail ID evoting@nsdl.co.in for obtaining User ID and password, which would be sent to them forthwith in the manner mentioned above. Alternatively, you may reach the Company at +91 (230) 2468 061/2/3 or NSDL at 022 - 24994600 and lodge the request.

Please also note that in case they are already registered with NSDL for remote e-voting, they can use their existing User ID and password for casting their vote electronically.

18. Authorisations in respect of representatives of the Corporations shall be received by the scrutinizer/Company on or before close of remote e-voting. Representative attending the AGM in person to vote thereat, shall submit the letter of appointment/ authorisation, as the case may be before the commencement of AGM.

19. Please note that a Member whose name is recorded in the Register of Members or in Register of Beneficial Owners maintained by the Depositories, as on cut off date i.e. July 11,2018, only shall be entitled to avail the facility of remote-e-voting or voting at the AGM, by use of ballot paper for resolutions set out in the Notice.

20. Kindly note that vote on a resolution once cast by a Member, he/she shall not be allowed to change it subsequently or cast the vote again. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again and his vote, if any cast at the AGM shall be treated as invalid.

21. In case of any queries relating to remote e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for Members available at 'Downloads' sections of www.evoting.nsdl.com or call on toll free no. 1800 -222-990 or send a requrest at evoting@nsdl.co.in

22. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and not later than three (3) days of the conclusion of the AGM, make a consolidated Scrutinizer's report of the total votes cast in favour or against or invalid and whether the resolution has been carried or not, if any, to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.

23. The result of the resolutions shall be declared by the Chairman or the person authorised by him in writing shall declare the result of voting forthwith on receipt of the Scrutinizer's report.

24. The results declared along with the Scrutinizer's report shall be placed on the website of the Company at www.kolhapursteel.com and on the website of NSDL at www.evoting.nsdl.com immediately after the result is declared by the Chairman.

25. It is mandatory for the transferee(s) and transferor(s) to furnish copy of PAN card to the Company/R &T Agent for registration of transfer of shares along with the original share certificate copy, which investors may please note.

26. The notice has been uploaded on the website of the Company and NSDL.

27. Please note that a person who is not a member as on the cut-off date i.e. July 11, 2018 and who is in receipt of the Notice are requested to treat this Notice for information purpose only.

By the order of the Board of Directors
For **THE KOLHAPUR STEEL LIMITED**

sd/-
Siddhesh Mandke
Company Secretary

Place: Pune
Date : May 9, 2018

For Route Map please refer last page of this Annual Report.

BOARD'S REPORT

To

The Members of the Company,

Your Directors present the 53rd Annual Report and Audited Financial Statements of the Company for the year ended on March 31, 2018 together with the Reports of the Auditors' and Board thereon.

1. FINANCIAL PERFORMANCE

The financial results of the Company for the year 2017-18 as compared with the previous year are as under:-

	Year ended March 31, 2018 (Amt ₹ in Thousands)	Year ended March 31, 2017 (Amt ₹ in Thousands)
Revenue from Operations	**456,571.27**	359,805.76
Other income	**6,750.61**	3,391.64
Total	**4,63,321.88**	363,197.40
Profit before tax	**3,116.49**	(45,542.46)
Tax Expense	**449.08**	(2,710.37)
Profit for the period	**2,667.41**	(42,832.08)
Other Comprehensive Income	**2,701.07**	644.64
Surplus in Profit & Loss Account brought from previous year	**(3,08,900.41)**	(266,712.97)
Depreciation and amortization expense	**13,178.59**	15,130.20
Available surplus	**(3,03,531.93)**	(308,900.41)

STATEMENT OF AFFAIRS

Your Company's turnover for the year under review has increased by 40% over last year. The Company has made marginal profit mainly due to good orders received from Kirloskar Brothers Limited, Kirloskarvadi plant. Our foundry was also approved by customers like GE and Metso. We received first export order from Italy. Various actions on cost control were initiated in all the departments. Few of them are stated below;

1) Yield improvement compared to last Year.
2) Improvements made in melting process.
3) Increased average production to 155 Tons per month as against the average of 120 months in the year 2016-17.
4) Conversion of Heat treatment furnace and ladle preheater to Bio Gas from Diesel.
5) Replaced 3 MVA 33 KV power transformer having low no load loss of 4 KWH from 8 KWH.
6) Made new moulding boxes to avoid excess sand consumption.
7) Installed new Sewage treatment plant having capacity of 25 CMD. In turn reduced water consumption of our gardening.

During the year, our foundry got various approval certificates like:-

1) NORSOK
2) PED
3) WELL KNOWN FOUNDRY

DIVIDEND

No Dividend is recommended for the year ended on March 31, 2018.

RESERVES

No amount is proposed to be carried to any reserves.

STATUTORY DISCLOSURES

1. EXTRACT OF THE ANNUAL RETURN

Extract of the Annual Return in Form MGT 9 as per provisions of Section 134 read with Section 92(3) of the Companies Act, 2013 is given in **Annexure I** to this report.

2. NUMBER OF MEETINGS OF THE BOARD

During the financial year 2017-18 the Board of Directors met 5(five) times on 14th April, 2017, 22nd July, 2017, 11th October, 2017, 12th January, 2018 and 28th February, 2018.

3. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Board of Directors report that

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis; and

e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

4. INDEPENDENT DIRECTORS' DECLARATION

All Independent Directors of the Company have given declarations under sub-section (7) of section 149 of the Companies Act, 2013 that they meet the criteria laid down in Section 149 (6) of the Act.

5. DISCLOSURE REQUIRED UNDER SECTION 134(3)(e)

Your Company follows the standards of corporate governance set up by Kirloskar Brothers Limited, Holding Company. The Board comprises of an optimum combination with appropriate balance of skill, experience, background, and other qualities required for effective functioning of Board.

The Remuneration Policy provides for appointment and remuneration to be paid to the Directors, Key Managerial Personnel and Senior Management as recommended by the Nomination and Remuneration Committee and approved by the Board.

The Remuneration policy is given in **Annexure II** and the same is available on the website of the Company at http://www.kolhapur.com/we-are-tksl-investor.aspx.

The Independent Directors of the Company are entitled to receive sitting fees for every meeting of Board and Committee thereof attended by them.

6. **REPORT OF AUDITORS'**

During the financial year under review, there is no qualification, reservation or adverse remarks or disclaimer made by the Statutory Auditor of the Company in their Audit Report.

7. **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS'**

During the financial year under review, there were no frauds reported by auditors' under sub-section (12) of Section 143 under Companies Act, 2013.

8. **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

There were no Loans, Guarantees and Investments made during the year as covered under the provisions of Section 186 of the Companies Act, 2013.

9. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

Disclosure relating to the particulars of contract or arrangement with related parties referred in sub-section (1) of Section 188 in Form AOC-2 is as below:

Form for disclosure of particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

i. Details of contracts or arrangements or transactions not at arm's length basis: All the transactions with related parties are at arm's length.

ii. Details of material contracts or arrangement or transactions at arm's length basis:

a	Name(s) of the related party and nature of relationship	Kirloskar Brothers Limited, Holding Company.
b	Nature of contracts/arrangements/transactions	Sale / Purchase and rendering or receiving of services - Sale of unmachined castings and purchase of scrap.
c	Duration of the contracts/arrangements / transactions	on monthly basis.
d	Salient terms of the contracts / arrangements / transactions including the value, if any;	As per the invoices. The amount is mentioned under related party transaction which is appearing elsewhere in the Annual Report.
e	Date(s) of approval by the Board, if any;	As all the transactions are in ordinary course of business and at arm's length, Board approval is not required.
f	Amount paid as advances, if any;	Nil

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

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo given in **Annexure III.**

11. **BUSINESS RISK MANAGEMENT**

Senior Management team periodically reviews the working conditions affecting the Company and reports the same to the Board. In the opinion of the Board, none of the identified risks threaten the existence of the Company.

12. **CORPORATE SOCIAL RESPONSIBILITY REPORT**

The provisions of Section 135 of the Companies Act, 2013 read with Schedule VII are not applicable to the Company.

13. BOARD EVALUATION

The Board has formulated a Board Evaluation Policy for evaluation of individual directors as well as the entire Board and individual committees thereof. The evaluation framework is divided into parameters based on the various performance criteria to be done annually. The evaluation for the year ended on March 31, 2018 has been completed.

The Board Evaluation Policy of the Company is available on the website of the Company on following link:

www.kolhapursteel.com/pdf/Board Evaluation Policy

In compliance with the requirements under Schedule IV of the Companies Act 2013, a meeting of the Independent Directors was held on 11th October, 2017 primarily to discuss the matters mentioned under Schedule IV of the Companies Act 2013. All Independent Directors of the Company attended the same.

14. HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY DURING THE PERIOD UNDER REPORT :

Not Applicable

15. OTHER STATUTORY DISCLOSURES AS REQUIRED UNDER RULE 8(5) OF THE COMPANIES (ACCOUNTS) RULES, 2014.

(i) Financial summary/highlights are already included elsewhere in the Report.

(ii) Change in the nature of the business during the year under review:

There has been no change in the nature of the business during the year under review.

(iii) Details of Directors and Key Managerial Personnel who were appointed or have resigned during the year:

At the 52nd Annual General Meeting held on July 22nd, 2017 and pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and as per Schedule V to the said Act, the Articles of Association of the Company read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there has been a change in designation of Mr. Ravindra Samant (DIN 07002226) as the Managing Director of the Company with effect from July 22, 2017 to perform the duties that may be delegated by the Board from time to time, subject to overall supervision and control of the Board of Directors and upon all other terms and conditions to be mentioned in the Agreement to be entered between the Company and Mr. Ravindra R. Samant.

Mr. Sanjay Wadnerkar resigned as a Director of the Company due to pre-occupation with effect from June 14, 2017. The Board of Directors places on record its sincere gratitude to him for providing guidance and expertise to the Company from time to time.

(iv) Names of Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year: Not Applicable.

(v) Details relating to Deposits: :

Your Company has not accepted any deposits within the meaning of section 2(31) of the Companies Act, 2013 read with the Companies (Aceptance of Deposits) Rules, 2014.

(vi) Details of Significant and material orders passed by the Regulators or Court or Tribunals impacting the going concern status and Company's operations in future: None

(vii) Details in respect of adequacy of Internal Financial Controls with reference to the Financial Statement:

The Company has an Internal Financial Control Systems which commensurate with the size, scale, nature and complexity of its operations. Corporate Internal Audit Department (CIA) of Kirloskar Brothers Limited were appointed as Internal Auditors for financial year 2017-18. Based on the report of Internal Auditors the Company undertakes corrective action and further strengthens the controls. Significant audit observations and corrective actions thereon are presented to the Board.

(viii) Other disclosures required under Companies Act, 2013 as may be applicable:

-Composition of Audit Committee:

As required under section 177 of the Companies Act, 2013, the Board has constituted the Audit Committee comprising of following Directors:

Mr. K. Taranath - Chairman

Mr. Achyut Gokhale - Member

Mr. C. M. Mate - Member

PARTICULARS OF EMPLOYEE:

The information as prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to unlisted companies.

HOLDING COMPANY

Kirloskar Brothers Limited is the Holding Company.

16. DISCLOSURE AS PER SECRETARIAL STANDARDS

Your Board of Directors confirm the compliance with the applicable Secretarial Standards (SS-1) for the year under review.

17. CASH FLOW

A Cash Flow Statement for the year ended on March 31, 2018 is attached to the Financial Statement.

18. SAFETY, HEALTH AND ENVIRONMENT

Safety and Health

Environment and Energy

- Your manufacturing plant is certified for Environment Management System (ISO 14001).Periodic internal audits of our manufacturing unit is being conducted to ensure legal compliance as per ISO 14001 requirements.
- Apart from compliance, external or internal audits, your manufacturing unit is internally audited by cross-plant Safety team for verification of EHS compliances and as per standard industrial safe practices.
- To percolate and motivate the Safety culture at bottom level, involvement of top management is ensured. To motivate Safety culture, Plant Safety rounds by Senior Management are conducted every month.
- Almost 138 incidents of unsafe acts and conditions at the workplace have been registered through the various initiative for reporting the incidents and 92% of reported incidents are closed. It helped in reducing unsafe acts and conditions at the workplace.
- Measuring Plant safety performance system is introduced, considering leading indicators and lagging indicators. From last six months, we have added slide on plant safety performance in Plant MIS.
- National Safety Week, World Environment Day, Fire Safety Day, Road Safety Day are celebrated to increase awareness among the employees and motivating for safety culture.

19. AUDITORS

M/s P.G. Bhagwat, Chartered Accountants (Firm Registration No. 101118W) are appointed as Statutory Auditors for a period of 5 (five) years in the 49th Annual General Meeting held on July 20, 2014.

20. DISCLOSURE UNDER THE "SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

In terms of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rule 2013, the report for the year ended on March 31, 2018 :

No. of complaints received in the year	Nil
No. of complaints disposed off in the year	Nil
Cases pending for more than 90 days	Nil
No. of workshops and awareness programmes conducted in the year	01
Nature of action by employer or District Officer, if any	Nil

ACKNOWLEDGMENT

Your Directors wish to place on record their appreciation for the co-operation given by the banks for their extended support and also to 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
For **THE KOLHAPUR STEEL LIMITED**

sd/-
Chittaranjan Mate
Chairman
DIN: 07399559
1896, Anamika Bunglow,
S. M. Mate Path, Sadashiv Peth,
Pune - 411030

Place: Pune
Date: May 9, 2018

ANNEXURE I

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2018
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

i) CIN	U27106MH1965PLC013212
ii) Registration Date	26th May, 1965
iii) Name of the Company	The Kolhapur Steel Limited
iv) Category / Sub-Category of the Company	Company limited by Shares
v) Address of the Registered office and contact details	Pune-Bangalore Highway, Shiroli (Pulachi), Kolhapur-416 122 Phone : 0230-2468061 / 62 / 63
vi) Whether listed company	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Link Intime India Private Limited, Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune - 411 001, Phone : 020-26160084

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated :-

Sr. No.	Name and description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Steel Casting	24319	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune 411 002	L29113PN1920PLC000670	Holding	99.74	2(46)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s).	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	266314315	0	266314315	99.74%	266314315	0	266314315	99.74%	0%
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A) (1) : -	**266314315**	**99.74%**	**3.77%**	**266314315**	**266314315**	**0**	**266314315**	**99.74%**	**0%**

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

(i) Category-wise Share Holding ... contd.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A) (1)+(A) (2)	**266314315**	**0**	**266314315**	**99.74%**	**266314315**	**0**	**266314315**	**99.74%**	**0%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1) :-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	11477	674208	685685	0.26%	11600	508859	520459	0.20%	0.06%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Investor Education and Protection Fund	0	0	0	0	165226	0	165226	0.06%	-0.06%
Sub-total (B)(2):-	**11477**	**674208**	**685685**	**0.26%**	**176826**	**508859**	**685685**	**0.26%**	**0%**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**11477**	**674208**	**685685**	**0.26%**	**176826**	**508859**	**685685**	**0.26%**	**0%**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**266314315**	**674208**	**267000000**	**100.00%**	**266491141**	**508559**	**267000000**	**100.00%**	**0%**

(ii) Shareholding of Promoters :

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of shares Pledged / encumbered to total Shares	
1	Kirloskar Brothers Limited	266314315	99.74%	0	266314315	99.74%	0	0%
	Total	**266314315**	**99.74%**	**0**	**266314315**	**99.74%**	**0**	**0%**

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	No change During the year			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc.) :				
	At the end of the year				

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For Each of the Top 10 Shareholders				
1	**INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY- MINISTRY OF CORPORATE AFFAIRS**				
	At the beginning of the year	0	0	165226	0.06%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)			165226	0.06%
2	**RAJSHEKHAR KESHAV SAHASRABUDHE**				
	At the beginning of the year	7932	0.003%	7932	0.003%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)			7932	0.003%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	**SHINDE SADASHIVRAO BHAURAO**				
	At the beginning of the year	7685	0.003%	7685	0.003%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)			7685	0.003%
4	**PATIL ATUL ANANDRAO**				
	At the beginning of the year	7063	0.003%	7063	0.003%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)			7063	0.003%
5	**PATIL SHANTABAI SHIVAJI**				
	At the beginning of the year	4400	0.002%	4400	0.002%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)			4400	0.002%
6	**KADAM SANGRAM SHRIKANT**				
	At the beginning of the year	4225	0.002%	4225	0.002%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)			4225	0.002%
7	**KULKARNI MADAN SHANKAR**				
	At the beginning of the year	3915	0.001%	3915	0.001%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)			3915	0.001%
8	**PATEL VEERJIBHAI LADHARAM**				
	At the beginning of the year	3775	0.001%	3775	0.001%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)			3775	0.001%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9	**YADAV PUSHPA RAGHUNATH**				
	At the beginning of the year	3730	0.001%	3730	0.001%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)			3730	0.001%
10	**GUNDESHA GOVIND BHIMRAJ**				
	At the beginning of the year	3345	0.001%	3345	0.001%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)			3345	0.001%

(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For Each of the Directors and KMP				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	0	0	0	0
	At the end of the year	0	0	0	0

V. INDEBTEDNESS :

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

(₹ in Thousands)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	44,225.79	13,214.02	0	57,439.81
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**44,225.79**	**13,214.02**	**0**	**57,439.81**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
● Addition	50,000.00	0	0	50000.00
● Reduction	1,138.28	1,000.00	0	2,138.28
Net Change	48,861.72	(1,000.00)	0	47,861.72
Indebtedness at the end of the financial year				
i) Principal Amount	93,087.51	12,214.02	0	105,301.53
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**93,087.51**	**12,214.02**	**0**	**105,301.53**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER :

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager Ravindra Samant Managing Director	Total Amount (₹)
1	Gross salary	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	NA
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NA	NA
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	- others, specify		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

B. REMUNERATION TO OTHER DIRECTORS

Sr. No.	Particulars of Remuneration	Name of Director		Total
	Independent Directors	**Mr. K. Taranath (₹)**	**Mr. Achyut Gokhale (₹)**	**Amount (₹)**
	Fee for attending Board/Committee meetings	67,500	30,000	97,500
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	**67,500**	**30,000**	**97,500**

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount (₹)
	Other Non-Executive Directors	**Sandeep Phadnis**	**Ravi Sinha**	**Chittaranjan Mate**	**Sanjay Wadnerkar (upto 14.06.2017)**	
	Fee for attending board/ Committee meetings	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Total (B) = (1+2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Total Managerial Remuneration	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Overall Ceiling as per the Act	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total (₹)
		Mr. Siddhesh Mandke	Mr. Ananta Das	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	NIL	16,24,897	16,24,897
	(b) Value of perquisites under Section 17(2) of the Income-Tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission			
	- As % of profit	NIL	NIL	NIL
	- Others, specify	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	Total	**NIL**	**16,24,897**	**16,24,897**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Sr. No.	Particulars	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A.	**COMPANY**					
	Penalty					
	Punishment					
	Compounding					
B.	**DIRECTORS**					
	Penalty			**NIL**		
	Punishment					
	Compounding					
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty					
	Punishment					
	Compounding					

ANNEXURE-II

REMUNERATION POLICY

PHILOSOPHY:

As per the Corporate Governance philosophy followed by the Kirloskar Brothers Limited group, the Company believes that the system of Corporate Governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling the consistently high standard of Corporate Governance in all facets of the Company's operations.

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

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

OBJECTIVE :

- Transparent process of determining remuneration at Board and Senior Management level of the Company would strengthen confidence of stakeholders in the Company and its management and help in creation of long term value for them.
- Appropriate balance between the elements comprising the remuneration so as to attract potential high performing candidates for critical position in the Company for attaining continual growth in business.

COVERAGE :

Guidelines of determining remuneration of:

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

I. DIRECTORS

i. Executive Directors :

The Board of Directors of the Company shall decide the remuneration of Executive Directors on the basis of recommendation from Nomination and Remuneration Committee (N&RC) subject to the overall limits provided under the Companies Act, 2013 and rules made thereunder, including any amendments, modifications and re-enactments thereto ('the Act') and compliance of related provisions provided therein.

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

The Company shall enter into a contract with every executive director, which will set out the terms and conditions of appointment. The contract shall be recommended by the N&RC and approved by the Board. The contract shall be for such tenure as may be decided by the Board but which in any case shall not exceed the tenure as is provided in the Act and subject to such approvals as may be required.

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

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

The remuneration components shall include inter alia:

a. Fixed salary :

Each Executive Director shall be paid fixed salary consisting of basic salary and such allowances and perquisites as may be recommended by N&RC and decided by Board based on recommendations of N&RC and performance evaluation of each executive director from time to time, subject to overall limits as prescribed under Act

The salary shall remain fixed for the tenure of the executive director.

b. Commission :

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

c. Non monetary benefits :

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

The Executive Directors shall not be entitled for sitting fess for attending the Board and any Committee meetings.

Executive Director may also be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. as per the Company's policy.

d. Stock options :

Executive directors may be granted stock options as may be recommended by the N&RC and approved by the Board or any Committee of the Company or its holding company, if they are eligible as per existing scheme of stock options of its holding company or any scheme of stock options by the Company or its holding company.

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

f. Separation / Retirement benefits :

Executive Director shall be eligible to the following perquisites which shall be included in the computation of the ceiling on remuneration provided in the Act except in case of loss or inadequacy of profits of the Company:

(a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961 or any amendment thereof.

(b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and

(c) Encashment of leave at the end of the tenure.

g. Performance Evaluation :

Performance evaluation of each executive director will be based on the key parameters for short and long term performance objectives appropriate to the working of the Company and its goals.

ii. Non Executive Directors :

The Company shall issue a letter of engagement or appointment to every non- executive - Independent director. The components of payment of remuneration to Non-executive directors shall be as follows:

a. Sitting fees :

Sitting fees may be paid for Board Meetings and any Committee Meetings attended by the non- executive director or independent directors. The fees may be same or different for attending the Board or Committee meetings or Board may determine the amount of sitting fees that may be paid for different types of meetings within limits as prescribed under the Act. Different sitting fees may be paid to non-executive directors or independent directors.

Committee shall include Audit Committee, Nomination & Remuneration Committee, Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee, Corporate Social Responsibility Committee or such Committees as may be constituted by the Board.

b. Commission

The Board may approve payment of commission subject to the limits provided in the Act. The eligibility and the amount of commission to be paid to each director shall be recommended by the N&RC on the basis of annual performance evaluation of the director based on directors' attendance in board meeting, membership / chairmanship of the committees of the Board, time devoted for the Company, contribution in the Board process and such other criteria like duties delegated to the director etc. and which requires payment of higher commission to the director.

c. Stock Options :

Independent Directors and Promoter Directors shall not be entitled for stock options of the Company or of its holding company.

N&RC may recommend and grant issue of stock options to other directors subject to the compliance of the provisions of relevant laws to the Board or the Board or committee thereof of the holding company.

d. Professional fees :

Non-executive directors may be paid fees for services of professional nature, if in the opinion of N&RC, the director possesses the requisite qualification for practicing the profession. N&RC may decide the qualifications which shall be deemed to be requisite qualification possessed by the Director(s) for providing services of the professional nature and the N&RC is not required to give its opinion to the company in that capacity. Such professional fees shall not be considered as remuneration for the purpose of Act.

EXCESS REMUNERATION :

The Board of Directors may decide to remunerate the Director/s beyond the overall limits provided under the Companies Act, 2013 subject to compliance of provisions in this regard including obtaining approval of shareholders / Central Government, if required, owing to loss incurred by the Company or inadequacy of profits and situation entails providing such remuneration.

WAIVING OF EXCESS REMUNERATION :

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

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

II. KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT

For the purpose of this Policy, Key Managerial Personnel (KMP) includes Chief Executive Officer, Manager, Chief Financial Officer and Company Secretary and such other officers as may be prescribed under Act from time to time, but shall not include members of the Board of Directors.

The Company shall issue an appointment letter to every KMP to be signed by such director as may be authorised by the Board. The letter shall detail the job profile, duties, remuneration, other benefits and other terms and conditions.

The Company shall issue an appointment letter to every senior management personnel (SMP) to be signed such director as may be authorised by the Board or any KMP. The letter shall provide details of the job profile, duties, remuneration package and other terms and conditions.

SMP means personnel of the Company who are members of its core management team excluding Board of Directors comprising of all members of management one level below the executive directors,if any, including the functional heads i.e. all sector/divisional heads.

The remuneration components may include:

a. **Fixed salary :**

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

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

b. **Variable pay :**

Variable pay to every KMP/SMP shall be as per the Performance Linked Pay Scheme of the Company, which is designed to bring about increase in overall organizational effectiveness through alignment in the objectives of the Company and the Individual.

The variable pay shall be payable based on absolute & relative performance of the Company and Business Units. The performance will be measured on the basis of contribution made by the respective Business Unit to the Company. The weightage of the same will as per Company policy which may be reviewed by the N&RC in each case before the beginning of the each financial year.

The entitlement as per the Performance Linked Variable Pay Scheme shall be disclosed in the appointment letter. The particulars of the payment shall be communicated to the concerned in his / her salary slip relevant for the month in which the variable pay is paid.

c. **Perquisites / Other Benefits :**

Perquisites / Other Benefits to KMP / SMP may include a Company provided car, petrol reimbursement, vehicle maintenance, telephone, reimbursement of mobile phone bill and reimbursement of medical expenditure for self and family as per Company Policy.

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

d. **Annual Pay Revision / Promotion :**

There are Key Result Areas which will be set in the beginning of the year and the performance appraisal shall be done in the format provided by the HR department. Based on this annual pay revision and/or promotion will be decided.

e. **Stock options :**

To motivate executives to pursue long term growth and objectives of the Company, the N&RC may nominate KMP / SMP for receiving stock options on the basis of the eligibility criterion of any scheme of stock options, if any, declared in the future by the Company or existing or future scheme of its holding company, to be approved by the Board or Committee thereof of its holding company.

f. Compensation for loss of office may be paid as may be set out in the appointment letter.

g. **Separation / Retirement benefits :**

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

h. Retention Bonus :

Senior Management Personnel may be entitled to retention bonus based on the industry standards, market conditions, and scale of Company's business relating to the position, educational qualification parameters and personal experience in the industry.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE :

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

CONSULTANTS & ADVISORS :

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

The N&RC shall have access to data of the Company relating to annual operating plan, management & leadership programs, employee survey, initiatives, operational reviews for purpose of undertaking their terms of reference and providing such recommendations as are required under the policy and take such assistance from the Head of the Human Resource Department as may be required for assessing the effectiveness and performance of any employee covered under the policy.

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

Place: Pune
Date: April 16, 2015

sd/-
Chairman

ANNEXURE - III

The report on conservation of energy, technology absorption, foreign exchange earnings and outgo as per Rule 8 (3) of the Companies (Accounts) Rules, 2014

(A) CONSERVATION OF ENERGY :

(i) **The steps taken or impact on conservation of energy**

- Replaced electrical flexible shaft grinders of 1.5 Kw in place of pneumatic grinders which requires 10 Kw of power.
- Shifted melting activities of furnaces to night shift.
- Replaced 3 MVA 33 KV power transformer having low no load loss of 4 KWH from existing 8 KWH transformer.
- Use of Vertical ladle pre-heater for ladle preheating practice.
- To avoid excess metal during pouring, introduced crane weighing scale on 4 nos. of EOT cranes.
- Made new molding boxes to avoid excess sand consumption and save machine running hours.
- Installed new Sewage Treatment Plant having capacity of 25 Cubic Meter per Day. This resulted in reduction in water consumption by 12 Cubic Meter per Day for gardening purpose.

(ii) **The steps taken by the Company for utilizing alternate sources of energy**

- Use of Bio CNG as alternate energy for rapid quenching heat treatment.
- Converted vertical ladle pre-heater from diesel to BIO CNG.

(iii) **The capital investment on energy conservation equipments :**

- ₹ 27.2 Lakhs were spent for manufacturing of molding boxes.
- ₹ 1.6 Lakhs were spent for Electrical shaft grinders.

(B) TECHNOLOGY ABSORPTION :

(i) **The efforts made towards technology absorption:**

- Using flexible nylon rope for releasing core gas instead of wax rope.

(ii) **Benefits derived like product improvement, cost reduction, product development or import substitution:**

- Use of Bio gas in heat treatment reduces scaling on castings.
- Use of Bio gas in heat treatment reduces cost of heat treatment per kg and reduces maintenance cost as well.
- Use of updated version of magma software our yield% improved from 55.1% to 58% over previous year.

(iii) **In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year): Not** Applicable

(a) the details of technology imported: Use of Nylone rope for core gas.

(b) the year of import: 2017-18

(c) Whether the technology been fully absorbed: Yes.

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

(iv) **Expenditure incurred on Research and Development :** Nil

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

	₹
- Imported: Foreign exchange outgo towards import of Raw Material	- Rs 10,16,442/-.
- Export: Advance Received against Pattern making charges	- Rs 17,99,317/-.

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

sd/-
Chittaranjan Mate
Chairman
DIN: 07399559
1896, Anamika Bunglow
S. M. Mate Path, Sadashiv Peth,
Pune 411030

Place: Pune
Date : May 9, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

THE KOLHAPUR STEEL LIMITED

Report on the Ind As Financial Statements

We have audited the accompanying Ind AS financial statements of The Kolhapur Steel Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, its Profit, its cash flows for the year ended on that date and the statement of changes in equity.

Report on Other Legal and Regulatory Requirements

1. As required by The Companies (Auditor's Report) Order, 2016 issued by Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, the Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

   e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      1) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note no. 28 to the financial statements;

      2) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      3) There have been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Akshay B. Kotkar
Partner
Membership No. 140581

Place: Pune
Date : April 19, 2018

ANNEXURE A TO THE AUDITOR'S REPORT

Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements of even date to the Members of The Kolhapur Steel Limited.

(i) In respect of Property, Plant & Equipment:

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment.

(b) In our opinion the frequency of verification of Property, Plant & Equipment is reasonable. According to information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of the company.

ii. The inventory was physically verified during the year by the management. In our opinion the frequency of verification is reasonable. Discrepancies between the physical stock and the book records noticed on verification were properly dealt with in the books of accounts.

iii. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act.
Accordingly, the reporting under Clause 3 (iii) (a),(b) and (c) of the Companies (Auditor's report) Order, 2016, is not applicable to the Company.

iv. According to information & explanations given to us, in our opinion no loans, investments, guarantees, and security have been given/ provided by the company.

Accordingly, the reporting under Clause 3 (iv) of the Companies (Auditor's report) Order, 2016, is not applicable to the Company.

v. According to information and explanation given to us, the Company has not accepted any deposits from public, accordingly the reporting under Clause 3 (v) of the Companies (Auditor's report) Order, 2016, is not applicable to the Company.

vi. We have broadly reviewed the books of accounts and records maintained by the Company relating to manufacture of steel and alloy castings pursuant to the rules made by Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act 2013 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.

vii. (a) According to information and explanation given to us, the Company is generally regular in depositing undisputed statutory dues with appropriate authorities including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service tax, cess and any other statutory dues applicable to it.

(b) According to information and explanation given to us, there are no dues of Income tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Goods and Service tax and Cess which have not been deposited on account of any dispute other than those mentioned below:

Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Central Excise Duty	5,50,266	1986-87 & 2002-03	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

viii. According to information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.

ix. (ix) According to the information and explanation given to us, in our opinion the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans.

Accordingly the reporting under Clause 3 (ix) of the Companies (Auditor's report) Order, 2016, is not applicable to the Company.

x. According to information and explanation given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. According to information and explanation given to us and based on our examination of the records of the Company, no managerial remuneration has been paid or provided by the company.

Accordingly the reporting under clause 3 (xi) of the Companies (Auditor's report) Order, 2016, is not applicable to the company.

xii. The company is not a Nidhi company, accordingly the reporting under Clause 3 (xii) of the Companies (Auditor's report) Order, 2016, is not applicable to the Company.

xiii. According to information & explanation given to us, in our opinion all transactions with related parties are in compliance with sections 177 & 188 of Companies Act 2013 wherever applicable and the details have been disclosed in notes to accounts of Financial Statements as per Indian Accounting Standard 24 - Related Party Disclosures.

xiv. According to Information & Explanation given to us, the company has not issued shares by way of preferential allotment/ private placement of shares or fully or partly convertible debentures during the year under review, accordingly provisions of section 42 of the Companies Act 2013 are not applicable to the company.

xv. According to information & explanation given to us, the Company has not entered into non-cash transactions with directors or persons connected with him; accordingly provisions of section 192 are not applicable to the Company.

xvi. According to information & explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Akshay B. Kotkar
Partner
Membership No. 140581

Place : Pune
Date : April 19, 2018

ANNEXURE B TO THE AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our Report on Other Legal and Regulatory Requirements of even date to the Members of The Kolhapur Steel Limited)

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

We have audited the internal financial controls over financial reporting of The Kolhapur Steel Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Akshay B. Kotkar
Partner
Membership No. 140581

Place : Pune
Date : April 19, 2018

NOTES TO ACCOUNTS

1. Corporate information

The Kolhapur Steel Limited (TKSL), a subsidiary Company of Kirloskar Brothers Limited, established in the year 1965. TKSL is involved in manufacturing of Mild Steel and Stainless Steel castings for various industries, viz. Power sector, Pumps and Valve, Mining, Cement, Heavy engineering application, Sugar etc.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared to comply in all material respects with Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act 2013.

The financial statements were authorised for issue by the Board of Directors on 19th April 2018.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Defined benefit Obligation	Fair value

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information is presented in INR rounded to the nearest Thousands except share and per share data, unless otherwise stated.

Exchange differences are recognized in the Statement of Profit and Loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalized as part of borrowing costs.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying value of assets or liabilities in future periods.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Critical estimates and judgments

The areas involving critical estimates or judgments are:

1. Estimation of defined benefit obligation - Refer note 32

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables which tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 32.

2. Impairment of financial assets

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3. Estimation of provision for warranty claims - Refer note 2.15 Provisions

4. Estimated useful life of intangible assets - Refer note 2.9 Intangible asset and amortisation

Current versus non-current classification

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

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

2.5 Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- **Raw materials and Stores spares:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The cost is calculated on moving weighted average method.
- **Finished goods and work in progress:** cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- **Traded goods:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

2.6 Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and highly liquid short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Bank overdrafts are shown under borrowings in current liabilities in balance sheet.

2.7 Property, plant and equipment

- **Recognition and measurement**

  Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to the construction of a qualifying asset are capitalised as part of the cost.

  When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

  Property, plant and equipment under construction are disclosed as capital work-in-progress.

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

- **Subsequent costs**

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

- **Disposal**

  An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/expenses in the statement of profit and loss.

- **Depreciation**

  Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss generally on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013, as assessed by the Management of the Company based on technical evaluation.

2.8 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using straight-line method over their estimated useful lives.

2.9 Intangible assets and amortisation

- **Recognition and measurement**

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

  Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**

  Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

- **Amortisation**

  Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

2.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Company has assumed that recovery of excise duty flows to the Company on its own account. Accordingly, it is the liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/value added tax (VAT)/ Goods and Service Tax (GST) is not received by the Company on its own account. Accordingly, it is excluded from revenue.

Sale of goods and rendering of services

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and when services are rendered. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Company provides normal warranty provisions for general repairs for one year on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold. Company does not provide any extended warranties or maintenance contracts to its customers.

Other income

Other income comprises of interest income, dividend income, foreign currency gain on financial assets and liabilities and export benefits.

Interest income is recognised as it accrues in the statement of profit and loss, using the effective interest method. Dividend income and export benefits in the form of Duty Draw Back claims are recognised in the statement of profit and loss on the date that the Company's right to receive payment is established.

2.11 Finance costs

Finance costs comprises of interest expense on borrowings, and foreign currency loss on financial assets and liabilities. Interest expenditure is recognised as it accrues in the statement of profit and loss, using the effective interest method.

2.12 Foreign currencies transactions

The financial statements are presented in INR, which is also the company's functional currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

Transactions and balances

Transactions in foreign currencies are initially recorded at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.13 Employee Benefits

Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short term compensated absences, leave travel allowance etc. are recognized in the period in which the employee renders the related service.

Post-Employment Benefits

Defined Contribution Plans

The Company's state governed provident fund scheme related and employee state insurance scheme are defined contribution plans. The contribution paid/payable under the scheme is recognized during the period in which the employee renders the related service.

Defined Benefit Plans

The employees' gratuity fund scheme is the Company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested.Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Long Term Employee Benefit

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned above.

Accumulated leaves that are expected to be utilized within the next 12 months are treated as short term employee benefits.

2.14 Income Taxes

Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of tax laws enacted or substantially enacted at the end of reporting period. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

2.15 Provisions

A Provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made.

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

Contingent liability is disclosed in case of

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

b) present obligation arising from past events, when no reliable estimate is possible

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognized, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.16 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.17 Impairment of non-financial assets

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's net selling price or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.18 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques, for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

For cash and other liquid assets, the fair value is assumed to approximate to book value, given the short term nature of these instruments. For those items with a stated maturity exceeding twelve months, fair value is calculated using a discounted cash flow methodology.

The instruments carried at fair value were categorized under the three levels of the Ind AS fair value hierarchy as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs). These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

2.19 Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

1) Debt instruments at amortised cost
2) Debt instruments at fair value through other comprehensive income (FVTOCI)
3) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
4) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Derecognition

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

Impairment of financial asset

Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b. Financial assets that are debt instruments and are measured as at FVTOCI

c. Lease receivables

d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

e. Loan commitments which are not measured as at FVTPL

f. Financial guarantee contracts which are not measured as at FVTPL

The group follows 'simplified approach' for recognition of impairment loss allowance on:

a. Trade receivables or contract revenue receivables; and

b. All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

The company initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.20 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period as reduced by number of shares bought back, if any. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split(consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.21 Borrowing

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Balance Sheet as at 31 March 2018

(Amounts in Thousand Rupees)

Particulars	Note No	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	**1,01,165.70**	1,08,112.52
Capital work-in-progress		**6,515.02**	4,746.29
Investment Property	4	**2,461.98**	2,568.09
Other Intangible assets	3	**39.73**	34.97
Financial Assets			
Investments accounted using equity method		-	
Other investments		-	-
Trade receivables	5	-	-
Loans	6	**43.78**	113.28
Others			
Deferred tax assets (net)	18	**2,689.59**	4,087.69
Other non-current assets	7	**842.70**	535.63
Total non-current assets		**1,13,758.50**	1,20,198.47
Current assets			
Inventories	9	**77,849.18**	54,303.32
Financial Assets			
Investments		-	-
Trade receivables	5	**63,762.34**	28,462.46
Cash and cash equivalents	10a	**5,392.28**	1,088.57
Other bank balances	10b	**866.84**	1,069.46
Loans	6	-	-
Others		-	-
Other current assets	8	**6,065.37**	7,046.35
Total current assets		**1,53,936.01**	91,970.16
TOTAL ASSETS		**2,67,694.51**	2,12,168.63
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	**2,67,001.56**	2,67,001.56
Other equity	12	**(2,93,180.57)**	(2,98,549.06)
Total equity		**(26,179.01)**	(31,547.50)
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	13	**37,500.00**	-
Trade payables -	14	-	-
- Dues of Micro Small and Medium Enterprises		-	-
- Others		-	-
Other financial liabilities	15	-	-
Provisions	16	**32,987.98**	35,449.95
Deferred tax liabilities (net)	18	-	-
Other non-current liabilities	17	-	-
Total non-current liabilities		**70,487.98**	35,449.95
Current liabilities			
Financial liabilities			
Borrowings	13	**55,301.53**	57,439.81
Trade payables	14		
- Dues of Micro Small and Medium Enterprises		**17,532.36**	11,998.86
- Others		**94,100.11**	84,008.01
Other financial liabilities	15	**30,858.93**	15,696.74
Other current liabilities	17	**10,385.54**	25,415.92
Provisions	16	**15,207.07**	13,706.84
Current Tax liabilities (net)			
Total current liabilities		**2,23,385.54**	2,08,266.18
Total liabilities		**2,93,873.52**	2,43,716.13
TOTAL EQUITY AND LIABILITIES		**2,67,694.51**	2,12,168.63

Corporate Information	1
Summary of significant accounting policies	2
See accompanying notes to financial statements	3-40

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For M/s P. G. Bhagwat
Chartered Accountants
FRN- 101118W

Akshay B. Kotkar
Partner
Membership No. 140581

Pune : April 19, 2018

For and on behalf of the Board of Directors

Ravindra Samant
Managing Director
DIN:07002226

C M Mate
Chairman
DIN:07399559

Ananta Charan Das
Chief Finance Officer

Siddhesh Mandke
Company Secretary

Statement of Profit & Loss for the Period Ended 31 March 2018

(Amounts in Thousand Rupees)

Particulars	Note No.	Year Ended 31st March 2018	Year Ended 31st March 2017
Revenue from Operations	19	**4,56,571.27**	3,59,805.76
Other Income	20	**6,750.61**	3,391.64
Total Income		**4,63,321.88**	3,63,197.40
Expenses			
Cost of materials consumed	21a	**2,06,406.89**	1,30,764.03
Purchases of Stock-in-Trade	21b	**2,027.50**	1,021.02
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	22	**(19,554.62)**	(5,721.20)
Employee benefits expense	23	**91,475.65**	92,406.53
Finance costs	24	**11,919.23**	11,951.19
Depreciation and amortization expense	25	**13,178.59**	15,130.20
Other expenses	26	**1,54,752.14**	1,63,188.09
Total expenses		**4,60,205.38**	4,08,739.86
Profit/(loss) before exceptional items and tax		**3,116.50**	(45,542.46)
Exceptional items		**-**	-
Profit / (loss) before tax		**3,116.50**	(45,542.46)
Tax expenses	18		
(1) Current tax		**-**	-
(2) Deferred tax		**(449.08)**	2,710.37
(3) Short Provision of earlier years		**-**	-
Total Tax expenses		**(449.08)**	2,710.37
Profit (Loss) for the period from continuing operations		**2,667.42**	(42,832.09)
Profit/(loss) from discontinued operations		**-**	-
Tax expenses of discontinued operations		**-**	-
Profit/(loss) from discontinued operations (after tax)		**-**	-
Profit/(loss) for the period		**2,667.42**	(42,832.09)
Other Comprehensive Income	27		
Items that will not be reclassified to profit or loss		**3,650.09**	932.91
Income tax relating to items that will not be reclassified to profit or loss		**(949.02)**	(288.27)
Items that will be reclassified to profit or loss			
Income tax relating to items that will be reclassified to profit or loss			
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		**5,368.49**	(42,187.45)
Earnings per equity share (for continuing operations)			
(1) Basic		**0.01**	(0.39)
(2) Diluted		**0.01**	(0.39)
Earnings per equity share (for discontinued operations)			
(1) Basic		**-**	-
(2) Diluted		**-**	-
Earnings per equity share (for discontinued and continuing operations)			
(1) Basic		**0.01**	(0.39)
(2) Diluted		**0.01**	(0.39)

Corporate Information	1
Summary of significant accounting policies	2
See accompanying notes to financial statements	3-40

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For M/s P. G. Bhagwat
Chartered Accountants
FRN- 101118W

Akshay B. Kotkar
Partner
Membership No. 140581

Pune : April 19, 2018

For and on behalf of the Board of Directors

Ravindra Samant
Managing Director
DIN:07002226

C M Mate
Chairman
DIN:07399559

Ananta Charan Das
Chief Finance Officer

Siddhesh Mandke
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(Amounts in Thousand Rupees)

Sr. No.	Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017
A	**Cash flows from operating activities**		
	Net profit before taxation and extraordinary items	**3,116.50**	(45,542.46)
	Adjustments for :-		
	Depreciation / Amortization	**13,178.59**	15,130.20
	Loss on sale of Fixed Assets		
	Profit on sale of Fixed Assets	**(1,821.58)**	-
	Bad debts written off	**238.70**	295.93
	Provision for doubtful debts, advances and claims	**167.40**	-
	Interest Income	**(50.39)**	(27.84)
	Interest Expenses	**11,919.23**	11,951.19
	Operating profit before working capital changes	**26,748.45**	(18,192.97)
	Adjustments for :-		
	(Increase)/decrease in inventories	**(23,545.86)**	(5,792.21)
	(Increase)/decrease in trade receivables	**(35,705.97)**	(12,058.65)
	(Increase)/decrease in financial assets	**202.63**	(14.22)
	(Increase)/decrease in non-financial assets	**783.85**	1,269.93
	Increase/(decrease) in trade payables	**15,625.60**	16,429.13
	Increase/(decrease) in financial liabilities	**2,662.19**	1,247.03
	Increase/(decrease) in non-financial liabilities	**(15,030.38)**	20,604.73
	Increase/(decrease) in Provisions	**2,688.35**	4,773.17
	Cash generated from operations	**(25,571.14)**	8,265.94
	Income tax (Paid) / Refunded	**99.56**	59.69
	Net cash from operating activities	**(25,471.58)**	8,325.63
B	**Cash flows from investing activities**		
	Purchase of fixed assets	**(10,125.98)**	(4,563.08)
	Sale of fixed assets	**3,908.42**	-
	Purchase of Investments	**-**	-
	Sale of Investments	**-**	-
	Interest Received	**50.39**	27.84
	Dividend Received	**-**	-
	Advance / Loans to Subsidiaries	**-**	-
	Net cash from investment activities	**(6,167.17)**	(4,535.24)
C	**Cash flows from financing activities**		
	Proceeds from borrowing	**48,861.69**	9,142.52
	Repayment of borrowings	**(1,000.00)**	-
	Interest Paid	**(11,919.23)**	(11,951.19)
	Dividend Paid		
	Tax on Dividend		
	Proceeds from issuance of share capital	-	2,50,000.00
	Redemption of pref. share capital	-	(2,50,000.00)
	Net cash used in financing activities	**35,942.46**	(2,808.67)
	Net increase in cash and cash equivalents	**4,303.71**	981.71
	Cash and cash equivalents at beginning of period	**1,088.57**	106.86
	Cash and cash equivalents at end of period (refer note 10 a)	**5,392.28**	1,088.57

Note :- 1. Previous year's figures are regrouped wherever necessary to make them comparable with the Current Year.
2. Cash flow is prepared using indirect method.

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants
FRN- 101118W

Ravindra Samant
Managing Director
DIN:07002226

C M Mate
Chairman
DIN:07399559

Akshay B. Kotkar
Partner
Membership No. 140581

Ananta Charan Das
Chief Finance Officer

Siddhesh Mandke
Company Secretary

Pune : April 19, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

A. Equity Share Capital

(Amounts in Thousand Rupees)

Balance as at 1 April 2016	Changes in equity share capital during the year	Balance as at 31 March 2017
17,000	2,50,000	2,67,000
Balance as on 31 March 2017	**Changes in equity share capital during the year**	**Balance as at 31 March 2018**
2,67,000	**-**	**2,67,000**

B. Other Equity

	Reserves and Surplus			Total
	Securities Premium Reserve	General Reserve	Retained Earnings	
Balance as at 1 April 2016	2,523.56	7,827.80	(2,66,712.97)	(2,56,361.62)
Profit for the year			(42,832.09)	(42,832.09)
Other comprehensive income			644.64	644.64
Dividends				0.00
Transfer to/from retained earnings				-
Balance as at 31 March 2017	**2,523.56**	**7,827.80**	**(3,08,900.41)**	**(2,98,549.06)**
Changes in accounting policy or prior period errors				
Restated balance at the beginning of the reporting period				
Profit for the year			2,667.42	2,667.42
Other comprehensive income			2,701.07	2,701.07
Dividends				
Transfer to retained earnings				
Any other change				
Balance as at 31 March 2018	**2,523.56**	**7,827.80**	**(3,03,531.93)**	**(2,93,180.58)**

As per our report of even date attached

For M/s P. G. Bhagwat
Chartered Accountants
FRN- 101118W

Akshay B. Kotkar
Partner
Membership No. 140581

Pune : April 19, 2018

For and on behalf of the Board of Directors

Ravindra Samant
Managing Director
DIN:07002226

C M Mate
Chairman
DIN:07399559

Ananta Charan Das
Chief Finance Officer

Siddhesh Mandke
Company Secretary

NOTES TO ACCOUNTS

Notes 3: Property, Plant and Equipment

(Amounts in Thousand Rupees)

Particulars	Tangible Assets										Intangible Assets
	Land (Free hold)	Buildings	Electrical Installation	Plant & Equipment	Computer	Furniture & Fixtures	Office Equip-ments	Vehicles	Pattern & Dies	Total	Computer Softwares
Gross Block											
As at 31 March 2016	**11,797.61**	**32,948.26**	**607.99**	**1,76,982.97**	**3,293.39**	**456.31**	**2,920.25**	**2,188.82**	**1,000.00**	**2,32,195.60**	**3,835.81**
Additions				901.60	743.17	9.27	112.96	-	-	1,767.00	
Disposals										-	
Impairment of asset										-	
As at 31 March 2017	**11,797.61**	**32,948.26**	**607.99**	**1,77,884.57**	**4,036.56**	**465.58**	**3,033.21**	**2,188.82**	**1,000.00**	**2,33,962.60**	**3,835.81**
Additions	-	-	-	7,473.31	11.11	55.00	334.21	284.06	-	8,157.69	59.57
Disposals	-	217.10	76.66	7,952.30	661.34	-	-	350.00	-	9,257.40	71.00
Impairment of asset										-	
As at 31 March 2018	**11,797.61**	**32,731.16**	**531.33**	**1,77,405.58**	**3,386.33**	**520.58**	**3,367.42**	**2,122.88**	**1,000.00**	**2,32,862.89**	**3,824.38**
Depreciation/ Amortisation											
As at 31 March 2016	-	14,994.44	529.03	88,143.87	2,657.47	349.03	2,829.60	1,519.80	82.43	1,11,105.67	3,521.16
Charge for the year	-	602.50	9.68	13,432.10	285.35	13.03	3.69	299.86	98.20	14,744.41	279.68
Depreciation on disposal										-	
As at 31 March 2017	**-**	**15,596.94**	**538.71**	**1,01,575.97**	**2,942.82**	**362.06**	**2,833.29**	**1,819.66**	**180.63**	**1,25,850.08**	**3,800.84**
Charge for the year	-	899.18	9.60	11,346.06	284.99	13.74	64.88	301.01	98.21	13,017.67	54.81
Depreciation on disposal	-	217.09	76.66	5,865.48	661.33	-	-	350.00	-	7,170.56	71.00
As at 31 March 2018	**-**	**16,279.03**	**471.65**	**1,07,056.55**	**2,566.48**	**375.80**	**2,898.17**	**1,770.67**	**278.84**	**1,31,697.19**	**3,784.65**
Net block											
At 31 March 2018	**11,797.61**	**16,452.13**	**59.68**	**70,349.03**	**819.85**	**144.78**	**469.25**	**352.21**	**721.16**	**1,01,165.70**	**39.73**
At 31 March 2017	**11,797.61**	**17,351.32**	**69.28**	**76,308.60**	**1,093.74**	**103.52**	**199.92**	**369.16**	**819.37**	**1,08,112.52**	**34.97**

Notes :

1) **Property, plant and equipment pledged as security**

Company has mortgaged its property, Plant and Equipment against borrowing from ICICI Bank- refer note no 13

2) **Impairment loss**

No additional provision made for impairment loss during the year

3) **Contractual obligations**

Refer note no 29 for estimated amount of contract remaining to be executed on capital account

4) **Capital work-in-progress**

Capital work-in-progress mainly comprises Radiographic Testing plant building and Gantry Work under construction at factory premises

NOTES TO ACCOUNTS (contd...)

Notes 4 : Investment Property

(Amounts in Thousand Rupees)

Particulars	Building
Gross Block	
As At 31 March 2016	2,780.29
Additions	-
Disposals	-
As at 31 March 2017	2,780.29
Additions	-
Disposals	-
As at 31 March 2018	**2,780.29**
Depreciation and Impairment	
As At 31 March 2016	106.10
Charge for the year	106.10
Depreciation on disposals	-
As at 31 March 2017	212.20
Charge for the year	106.11
Depreciation on disposals	-
As at 31 March 2018	**318.31**
Net block	
At 31 March 2018	2,461.98
At 31 March 2017	2,568.09

Fair Value Table	
Particulars	**Building**
Opening balance as at 31 March 2016	2,802.62
Fair value difference Purchases	-
Closing balance as at 31 March 2017	2,802.62
Fair value difference	1,617.38
Purchases/transfer from PPE	-
Closing balance as at 31 March 2018	**4,420.00**

Information regarding income and expenditure of investment property

(Amounts in Thousand Rupees)

Particulars	31 March 2018	31 March 2017
Rental Income derived from investment property	**171.00**	217.30
Direct operating expenses (including repairs and maintenance) generating rental income	**-**	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	**-**	-
Profit arising from investment properties before depreciation and indirect expenses	**171.00**	217.30
Less - Depreciation	**106.11**	106.11
Profit arising from investment properties After depreciation and indirect expenses	**64.89**	111.19

NOTES TO ACCOUNTS (contd...)

Notes 5 : Financial Assets : Trade receivables

(Amounts in Thousand Rupees)

Particulars	31 March 2018	31 March 2017
Non-current		
Unsecured, considered good	**-**	
Doubtful	**167.40**	-
	167.40	-
Less : Provision for doubtful receivables	**167.40**	-
	-	-
current		
Unsecured, considered good	**63,762.34**	28,462.46
Others		
	63,762.34	28,462.46
Total trade receivables	**63,762.34**	28,462.46

Notes 6 : Financial Assets: Loans

Particulars	31 March 2018	31 March 2017
Non-current		
a) **Security deposits**		
Unsecured, considered good	**43.78**	113.28
Doubtful	**-**	-
	43.78	113.28
Less : Provision for doubtful receivables	**-**	-
	43.78	113.28
Current		
a) **Security deposits**		
Unsecured, considered good		
b) **Advances to related parties**		
Unsecured, considered good	**-**	-
	-	-
Total loans	**43.78**	113.28

Notes 7 : Other non-current assets

Particulars	31 March 2018	31 March 2017
(a) Capital advances	**350.00**	210.00
(b) Advances to supplier and others		
Unsecured, considered good	**-**	-
Doubtful	**163.12**	163.12
	163.12	163.12
Less: Provision for doubtful advances	**(163.12)**	(163.12)
	-	-
(c) Prepaid expenses	**266.63**	-
(d) Gross amount due from customer	**-**	-
(e) Retention	**-**	-
(f) Advance income tax (net of provision)	**226.07**	325.63
Total other Non current asset	**842.70**	535.63

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

Notes 8 : Other current assets

	Particulars	31 March 2018	31 March 2017
(a)	Advances to supplier and others		
	Unsecured, considered good		
	Advances to related parties	**-**	-
	Others	**230.73**	507.02
		230.73	507.02
(b)	Prepaid expenses	**3,408.32**	1,840.90
(c)	Gross amount due from customer	**-**	-
(d)	Claims receivable		
	Deposits and receivables from Excise , Service Tax	**542.20**	2,537.15
	GST Receivable	**1.73**	-
	Sales Tax Receivable	**1,859.99**	2,133.02
		5,812.24	6,511.07
(e)	Employee advances	**22.40**	28.26
		6,065.37	7,046.35
	Total other current asset	**6,065.37**	7,046.35

Note 9 : Inventories

	Particulars	31 March 2018	31 March 2017
(a)	Raw Materials	**14,495.30**	9,347.85
(b)	Work-in-progress	**44,294.01**	28,013.76
(c)	Finished goods	**2,721.44**	1,894.57
(d)	Stock-in-trade	**2,861.50**	414.00
(e)	Stores and spares	**13,476.93**	14,633.14
	(Mode of valuation refer note 2.5 of Notes to Accounts)		
		77,849.18	54,303.32

Amounts recognised in profit or loss

Write-down of inventories to net realisable value amounted to (net of reversal) Rs 2798.29 Thousand on Finished Goods and Rs 777.53 Thousand on Stores and Spares, (31 March 2017: Rs.1,126.08 Thousand on Stores and spares).These were recognised as an expenses during the year and included in 'material consumption'

Refer note 13 for details of inventory pledged as security

Note 10 a : Cash and cash equivalents

	Particulars	31 March 2018	31 March 2017
(a)	Balances with bank		
	In current account	**717.22**	1,066.65
	Other bank deposits	**-**	-
(b)	Cash on hand	**39.42**	21.92
(c)	Cheques on hand	**4,635.64**	-
		5,392.28	1,088.57

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

Note 10 b : Other bank balances

Particulars	31 March 2018	31 March 2017
(a) Fixed Deposit with banks having original maturity more than 3 months but less that 12 months	**484.74**	477.58
(b) Earmarked balances with bank		
Unpaid dividend accounts	**382.10**	591.88
	866.84	1,069.46

Note 11 : Equity share capital

Particulars	31 March 2018	31 March 2017
Authorised		
55,00,00,000 (55,00,00,000) equity shares of Re 1/- each (Re 1/-) each	**5,50,000.00**	5,50,000.00
Issued, subscribed & fully paid up		
26,70,00,000 (26,70,00,000) equity shares of Re 1/- each (Re 1/-) each	**2,67,000.00**	2,67,000.00
Forfeited Shares	**1.56**	1.56
	2,67,001.56	2,67,001.56

a) Terms/rights attached to equity shares

The company has only one class of equity shares, having par value of Re. 1/- per share. Each holder of equity share is entitled to one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from the shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Reconciliation of share capital

Particulars	31 March 2018		31 March 2017	
	Number	**Amount**	Number	Amount
Shares outstanding at the beginning of the year	**26,70,00,000**	**2,67,000.00**	1,70,00,000	17,000.00
Shares Issued during the year	**-**	**-**	25,00,00,000	2,50,000.00
Shares outstanding at the end of the year	**26,70,00,000**	**2,67,000.00**	26,70,00,000	2,67,000.00

c) Details of shareholder holding more than 5% shares

Particulars	31 March 2018		31 March 2017	
	No. of Shares	**% of Holding**	**No. of Shares**	**% of Holding**
Kirloskar Brothers Ltd.	**26,63,14,315**	**99.74**	26,63,14,315	99.74

d) Shares Held by Holding Company

Particulars	31 March 2018		31 March 2017	
	No. of Shares	**% of Holding**	**No. of Shares**	**% of Holding**
Kirloskar Brothers Ltd.	**26,63,14,315**	**99.74**	26,63,14,315	99.74

In last five years the Company has neither issued any bonus shares nor share issued for consideration other than cash. Further the Company has not bought back any shares in last five years.

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

Note 12 : Other equity

Particulars	31 March 2018	31 March 2017
(a) Securities premium reserve		
Opening balance	**2,523.56**	2,523.56
Add: Securities premium credited on shares issue	**2,523.56**	2,523.56
(b) General reserves		
Opening balance	**7,827.80**	7,827.80
Add: Transfer from any surplus	**7,827.80**	7,827.80
(c) Retained Earning		
Opening balance	**(3,08,900.42)**	(2,66,712.97)
Add: Total comprehensive income for the year	**5,368.49**	(42,187.45)
Balance available for appropriation	**(3,03,531.93)**	(3,08,900.42)
Less: Appropriations :		
Final dividend paid including tax	**-**	-
Interim dividend including tax	**-**	-
Transfer to general reserve	**-**	-
Sub total	**-**	-
Closing balance	**(3,03,531.93)**	(3,08,900.42)
	(2,93,180.57)	(2,98,549.06)

Note 13 : Financial Liabilities: Borrowings

Particulars	31 March 2018	31 March 2017
Non-current		
Secured		
Working capital Term loan from banks	**50,000.00**	-
Terms of Loan		
i) Secured against hypothecation of immovable property and corporate guarantee by Holding Company		
ii) Loan carries interest @ 10.5% p.a.		
iii) To be repaid in 16 quarterly installments of Rs 3,125 thousand starting from June 2018.		
Less- Current maturities of non current borrowings disclosed under the head 'Other Current financial Liabilities (refer note 15)	**12,500.00**	-
	37,500.00	-
Current		
Secured		
Loans repayable on demand from bank		
Working capital demand loans	**43,087.51**	44,225.79
Terms of loans:		
i) Loan carries interest @ BBR+ 200 bps.		
ii) Secured against hypothecation of stock & receivables and mortgage of plant & machinery		
Total secured loan - Current	**43,087.51**	44,225.79
Unsecured		
Inter Corporate Deposits	**12,214.02**	13,214.02
Total current borrowings	**55,301.53**	57,439.81
Total borrowings	**92,801.53**	57,439.81

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

Note 14 : Financial Liabilities: Trade payables -

Particulars	31 March 2018	31 March 2017
Non-current		
Total outstanding dues of creditors other than micro enterprises & small enterprises	-	-
	-	-
Current		
To Micro Small and Medium Enterprises		
Related Parties (refer note no 38)	-	-
Others	**17,532.36**	11,998.86
	17,532.36	11,998.86
To Others:		
Related Parties	**636.32**	-
Others	**93,463.79**	84,008.01
	94,100.11	84,008.01
Total trade payable	**1,11,632.47**	96,006.87

Terms and conditions of the above financial liabilities:
1) Trade payables are non-interest bearing and are normally settled on 60-day terms
2) For explanations on the Group's credit risk management processes. (refer note 36)

Note 15 : Other financial liabilities

Particulars	31 March 2018	31 March 2017
Current		
(a) Current maturities of long term loan (refer note 13)	**12,500.00**	-
(b) Investor Education & Protection fund (will be credited as and when due).	**382.10**	591.88
Unpaid dividends		
(c) Others		
Trade deposits	**15.50**	11.31
Salary & Reimbursements	**10,017.76**	9,181.09
Payables on account of purchases of fixed assets	**1,602.33**	344.29
Provision for expenses	**6,341.24**	5,568.17
	17,976.83	15,104.86
	30,858.93	15,696.74
Total other financial liabilities	**30,858.93**	15,696.74

Terms and conditions of the above financial liabilities:
1) Other payables are non-interest bearing and have an average term of one month
2) For explanations on the Group's credit risk management processes. (refer note 36)

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

Note 16 : Provisions

Particulars	31 March 2018	31 March 2017
Non-current		
Provision for employee benefits		
Compensated absences (refer note 34)	**5,205.92**	5,804.55
Gratuity (refer note 32)	**27,782.06**	29,645.40
	32,987.98	35,449.95
	32,987.98	35,449.95
Current		
Provision for employee benefits		
Compensated absences (refer note 34)	**6,158.65**	6,386.48
Gratuity (refer note 32)	**6,922.36**	5,789.81
	13,081.01	12,176.29
Other provision (refer note 34)		
Provision for product warranty	**2,126.06**	1,530.55
	2,126.06	1,530.55
	15,207.07	13,706.84
Total provisions	**48,195.05**	49,156.79

Note 17 : Other current Liabilities

	Particulars	31 March 2018	31 March 2017
	Non-current		
(a)	Provision for income tax (net of advance tax)	**-**	-
		-	-
	Current		
(a)	Advance from customer	**6,441.64**	23,294.57
(b)	Contribution to PF and others	**1,147.36**	1,322.97
(c)	Statutory dues	**2,796.54**	798.38
		10,385.54	25,415.92
	Total other current liabilities	**10,385.54**	25,415.92

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

Note 18 : Income tax

1) The major components of income tax expense for the period ended 31 March 2018 and 31 March 2017 are:

(a) Profit or loss

Particulars	**31 March 2018**	31 March 2017
Current income tax:		
Current income tax charge	**-**	-
Adjustments in respect of current income tax of previous year	**-**	-
Deferred tax:		
Relating to origination and reversal of temporary differences	**(449.08)**	2,710.37
Income tax expense reported in the statement of profit or loss	**(449.08)**	2,710.37

(b) Other Comprehensive Income

Current tax related to items recognised in OCI during in the year:

Particulars	**31 March 2018**	31 March 2017
Income tax charged to OCI	**(949.02)**	(288.27)

(2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2017:

Particulars	**31 March 2018**	31 March 2017
Accounting profit before tax	**3,116.50**	(45,542.46)
At India's statutory income tax rate of 26% (P Y@30.90%) (a)	**810.29**	(14,072.62)
Adjustments	**-**	-
Add: Exempt income	**-**	-
Dividend	**-**	-
Subtotal (b)	**-**	-
Add: Accelerated deduction		
Allowance of TDS on payment basis	**-**	-
Subtotal (c)	**-**	-
Less : Non deductible expenses		
Penalties and fines		998.03
Provision for Advances	**167.40**	
Donation	**5.00**	
Subtotal (d)	**172.40**	998.03
Sub total (e) = (b+c-d)	**(172.40)**	(998.03)
Tax impact of above adjustments	**(44.82)**	(308.39)
Rate difference on opening DTA/ DTL	**200.30**	(11,741.87)
C/f losses on which DTA was not recognsied	**(743.28)**	399.74
Total (f)	**(587.81)**	(11,650.52)
Tax expenses at effective rate (a-f)	**1,398.10**	(2,422.10)
Tax expenses recorded in books	**(1,398.10)**	2,422.10

(3) Movement in deferred tax

(a) Deferred tax relates to the following: (DTL)/DTA

	31 March 2018	31 March 2017
Property, plant and equipment (Depreciation)	**(10,380.34)**	(11,793.98)
Employee benefits - compensated absences	**2,954.79**	3,767.03
Provision for doubtful debts and advances	**85.94**	-
Employee benefits - Gratuity	**9,023.15**	10,949.48
Employee benefits - Bonus	**991.72**	1,083.08
Expenses Disallowed	**14.33**	82.08
Net deferred tax (liabilities)/assets	**2,689.59**	4,087.69

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NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

Particulars	**31 March 2018**	31 March 2017
Property, plant and equipment (Depreciation)	**1,413.64**	1,829.15
Employee benefits - compensated absences	**(812.24)**	669.43
Provision for doubtful debts and advances	**85.94**	(143.53)
Employee benefits - Gratuity	**(1,926.33)**	447.51
Employee benefits - Bonus	**(91.36)**	(390.45)
Expenses Disallowed	**(67.75)**	9.99
Deferred tax (expense)/income	**(1,398.10)**	2,422.10

(b) Reflected in balance sheet as	**31 March 2018**	31 March 2017
Net Deferred tax asset	**2,689.59**	4,087.69
Net Deferred tax asset	**2,689.59**	4,087.69

Note 19 : Revenue from Operations

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
(a) Sale of products		
Castings	**4,46,261.84**	3,46,935.67
(b) Sale of services	**3,749.85**	10,246.34
	4,50,011.69	3,57,182.01
(c) Other operating revenues	**6,559.58**	2,623.75
	4,56,571.27	3,59,805.76

Note 20 : Other Income

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
(a) Interest Income on financial assets at amortised cost		
From Bank	**50.39**	27.84
From Others	**15.36**	8.94
	65.75	36.78
(b) Foreign exchange difference (net)	**-**	8.14
(c) Other non-operating income		
Disposal of stores material	**2,324.78**	171.05
Excess provision written back	**582.91**	1,221.39
Hall booking receipt	**171.00**	217.30
Miscellaneous receipt	**348.50**	245.26
Profit on Sale of Assets	**1,821.58**	-
Weighing scale receipts	**1,436.09**	1,491.72
	6,684.86	3,346.72
	6,750.61	3,391.64

Note 21: Cost of materials consumed

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
(a) Raw materials consumed	**2,06,406.89**	1,30,764.03
(b) Purchases of Stock-in-Trade	**2,027.50**	1,021.02

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

Note 22 : Changes in inventories of finished goods, Stock-in -Trade and work-in-progress

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock		
Finished goods	**1,894.57**	1,737.63
Work-in- progress	**28,013.76**	22,807.00
Stock in trade	**414.00**	56.50
	30,322.33	24,601.13
Closing Stock		
Finished goods	**2,721.44**	1,894.57
Work-in- progress	**44,294.01**	28,013.76
Stock in trade	**2,861.50**	414.00
	49,876.95	30,322.33
	(19,554.62)	(5,721.20)

Note 23 : Employee benefits expense

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
(a) Salaries, wages and bonus	**78,390.23**	79,989.51
(b) Defined contribution plans		
Contribution to provident fund and E.S.I	**5,457.51**	5,567.71
(c) Defined benefit plans		
Gratuity	**2,372.16**	2,204.61
(d) Welfare expenses	**5,255.75**	4,644.70
	91,475.65	92,406.53

Note 24 : Finance costs

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
(a) Interest expense (calculated using effective rate of interest)	**8,329.62**	7,682.34
(b) Other borrowing costs		
(includes bank guarantee commission, LC charges, loan processing charges)	**1,074.66**	1,710.75
(c) Net interest expenses on defined benefit obligation	**2,514.95**	2,558.10
	11,919.23	11,951.19

Note 25 : Depreciation and amortization expense

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
(a) Depreciation on property, plant and equipment	**13,017.67**	14,744.41
(b) Amortization of intangible assets	**54.81**	279.68
(c) Depreciation on investment property	**106.11**	106.11
	13,178.59	15,130.20

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

Note 26 : Other expenses

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017
Stores & spares consumed	**29,664.50**	20,577.33
Processing charges	**23,419.70**	20,369.49
Power & fuel	**61,903.21**	57,297.80
Repairs and maintenance		
Plant and machinery	**4,760.78**	3,342.53
Buildings	**338.48**	333.94
Other	**106.00**	179.92
Rent	**612.00**	624.49
Rates and taxes	**3,083.31**	2,831.01
Travel and conveyance	**782.13**	602.05
Insurance	**273.65**	372.76
Directors' sitting fees	**97.50**	162.50
Freight and forwarding charges	**743.86**	644.50
Brokerage and commission	**214.03**	248.43
Provision for product warranty	**2,126.06**	1,530.55
Provision for doubtful debts, advances and claims	**167.40**	-
Bad debts written off	**238.70**	295.93
Auditor's remuneration (refer note 30)	**718.56**	711.35
Professional, consultancy and legal expenses	**2,511.36**	1,453.28
Security services	**3,538.13**	3,478.71
Foreign exchange difference (net)	**37.13**	-
Excise duty	**15,258.07**	41,871.59
Other miscellaneous expenses	**4,157.58**	6,259.93
	1,54,752.14	1,63,188.09

Note 27 : Other Comprehensive Income

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017
Remeasurements gains and losses on post employments benefits	**3,650.09**	932.91
Tax on remeasurements gains and losses	**(949.02)**	(288.27)
	2,701.07	644.64

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
28 Contingent liabilities		
(a) Claims against the company not acknowledged as debt		
i) Disputed excise duty dues (Matter Subjudice)	**1,092.47**	1,092.47
(Against these demands, an amount of Rs. 542.21 thousand (Previous year Rs.542.21 thousand) has been paid under protest.) The Company has filed Appeal in Tribunal Mumbai for CENVAT credit on scrap sales		
(b) Other money for which the company is contingently liable		-
Disputed matters under labour law	**5,216.74**	1,250.00
(Eight labour cases pending in district court of Kolhapur)		
Disputed Sales Tax Dues	**-**	1,121.16
(Sales tax demand by department for the year 2009-10 and appeal filed with ACIT)		
(c) Bank guarantee	**4,061.00**	4,061.00
(issued in favour of MSEB and MPCB)		
	10,370.21	7,524.63

29 Commitments		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**1,137.01**	256.56

Particulars	**2017-18**	2016-17
30 Remuneration to Auditors		
Statutory Auditors :		
a) Audit Fees	**550.00**	550.00
b) Tax Audit Fees	**150.00**	150.00
c) Other services (Certification)	**4.00**	-
d) Expenses reimbursed	**14.56**	11.35
	718.56	711.35

Particulars	**2017-18**	2016-17
31 Earning per Share (Basic and diluted)		
I - Basic and Diluted		
a) Profit for the year before tax	**3,116.50**	(45,542.46)
Less : Attributable Tax thereto	**(449.08)**	2,710.37
Profit after Tax	**3,565.57**	(48,252.84)
b) Weighted average number of equity shares used as denominator	**26,70,00,000**	11,02,00,000
c) Basic and diluted earning per share of nominal value of Re 1/- each in Re.	**0.01**	(0.44)

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

32 Employee Benefits :

i Defined Contribution Plans:

Amount of Rs.5,457.51 thousand (Rs.5,567.71 thousand) is recognised as an expense and included in "Employees benefits expense" (Note-23) in the Profit and Loss Statement.

ii Defined Benefit Plans:

a) The amounts recognised in Balance Sheet are as follows:

	Particulars	**As at 31 March 2018 Gratutity Plan (Non Funded)**	As at 31 March 2017 Gratutity Plan (Non Funded)
A.	Amount to be recognised in Balance Sheet		
	Present Value of Defined Benefit Obligation	**34,704.42**	35,435.21
	Less: Fair Value of Plan Assets	**-**	-
	Amount to be recognised as liability or (asset)	**34,704.42**	35,435.21
B.	Amounts reflected in the Balance Sheet		
	Liabilities	**34,704.42**	35,435.21
	Assets	**-**	
	Net Liability/(Assets)	**34,704.42**	35,435.21

b) The amounts recognised in the Profit and Loss Statement are as follows:

	Particulars	**2017-18 Gratutity Plan (Non Funded)**	**2016-17** Gratutity Plan (Non Funded)
1	Current Service Cost	**2,335.83**	2,204.61
2	Acquisition (gain)/ loss		-
3	Past Service Cost	**36.33**	-
4	Net Interest (income)/expenses	**2,514.95**	2,558.10
5	Actuarial Losses/(Gains)		-
6	Curtailment (Gain)/ loss		-
7	Settlement (Gain)/loss		-
	Net periodic benefit cost recognised in the statement of profit & loss-(Employee benefit expenses - Note -23)	**4,887.11**	4,762.71

c) The amounts recognised in the statement of other comprehensive income (OCI)

Particulars	**2017-18 Gratutity Plan (Non Funded)**	**2016-17** Gratutity Plan (Non Funded)
1 Opening amount recognised in OCI outside profit and loss account	**-**	-
2 Remeasurements for the year - Obligation (Gain)/loss	**(3,650.09)**	(932.91)
3 Remeasurement for the year - Plan assets (Gain) / Loss	**-**	-
4 Total Remeasurements Cost / (Credit) for the year recognised in OCI	**(3,650.09)**	(932.91)
5 Less: Accumulated balances transferred to retained earnings	**(3,650.09)**	(932.91)
Closing balances (remeasurement (gain)/loss recognised OCI	**-**	-

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

	Particulars	**As at 31 March 2018 Gratuity Plan (Non Funded)**	As at 31 March 2017 Gratuity Plan (Non Funded)
1	Balance of the present value of obligation as at beginning of the period	**35,435.22**	33,986.96
2	Acquisition adjustment		-
3	Transfer in/ (out)		-
4	Interest expenses	**2,514.95**	2,558.10
5	Past Service Cost	**36.33**	-
6	Current Service Cost	**2,335.83**	2,204.61
7	Curtailment Cost / (credit)		-
8	Settlement Cost/ (credit)		-
9	Benefits paid	**(1,967.82)**	(2,381.54)
10	Remeasurements on obligation - (Gain) / Loss	**(3,650.09)**	(932.91)
	Present value of obligation as at the end of the period	**34,704.42**	35,435.22

e) Net interest (Income) /expenses

Particulars	**Gratuity Plan (Non Funded) As at 31 March 2018**	Gratuity Plan (Non Funded) As at 31 March 2017
1 Interest (Income) / Expense – Obligation	**2,514.95**	2,558.10
2 Interest (Income) / Expense – Plan assets	**-**	-
3 Net Interest (Income) / Expense for the year	**2,514.95**	2,558.10

f) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

1 Discount rate as at 31-03-2018 - 7.00%

2 Salary growth rate : For Gratuity Scheme - 10%

3 Attrition rate: For gratuity scheme the attrition rate is taken at 6%

4 The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

g) The amounts pertaining to defined benefit plans are as follows:

Particulars	**As at 31 March 2018 Gratuity Plan (Non Funded)**	As at 31 March 2017 Gratuity Plan (Non Funded)
Defined Benefit Obligation	**34,704.42**	35,435.22
Plan Assets	**-**	-
Surplus/(Deficit)	**(34,704.42)**	(35,435.22)

h) General descriptions of defined plans:

Gratuity Plan:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

i) Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligaion(PVO). Sensitivity analysis is done by varying (increasing/ decresing) one parameter by 100 basis points (1%)

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

	Change in assumption	Effect on gratuity obligation As at 31 March 2018	Change in assumption	As at 31 March 2017
1	**Discount rate**		**Discount rate**	
	Increase by 1% to 8.7%	**32,679.31**	Increase by 1% to 8.3%	33,248.23
	Decrease by 1% to 6.7%	**36,983.50**	Decrease by 1% to 6.3%	37,902.49
2	**Salary increase rate**		**Salary increase rate**	
	Increase by 1% to 11.0%	**36,600.69**	Increase by 1% to 11.0%	37,398.04
	Decrease by 1% to 9.0%	**32,980.19**	Decrease by 1% to 9.0%	33,600.67
3	**Withdrawal rate**		**Withdrawal rate**	
	Increase by 1% to 7.0%	**34,465.12**	Increase by 1% to 7.0%	35,138.19
	Decrease by 1% to 5.0%	**34,968.45**	Decrease by 1% to 5.0%	35,762.24

33 Related Party Disclosures

(A) Names of the related party and nature of relationship where control (including common control) exists and transactions entered into:

Sr. No.	Name of the related party	Nature of relationship
1	Kirloskar Brothers Limited	Holding Company
2	Karad Projects and Motors Limited	Fellow Subsidiary
3	Kirloskar Corrocoat Private Limited	Fellow Subsidiary
4	Kirloskar Brothers International B V	Fellow Subsidiary
5	SPP Pumps Limited	Subsidiary of Fellow Subsidiary
6	Kirloskar Brothers(Thailand) Limited	Subsidiary of Fellow Subsidiary
7	SPP Pumps (MENA) L.L.C.	Subsidiary of Fellow Subsidiary
8	Kirloskar Pompen B.V	Subsidiary of Fellow Subsidiary
9	Micawber 784 Proprietary Limited	Subsidiary of Fellow Subsidiary
10	Kirloskar Brothers International PTY Ltd.	Subsidiary of Fellow Subsidiary
11	SPP France S A S	Subsidiary of Fellow Subsidiary
12	SPP Pumps Inc	Subsidiary of Fellow Subsidiary
13	SPP Pumps South Africa Proprietary Limited	Subsidiary of Fellow Subsidiary
14	Braybar Pumps Limited	Subsidiary of Fellow Subsidiary
15	Rodelta Pumps International BV	Subsidiary of Fellow Subsidiary
16	Rotaserve Overhaul B.V.	Subsidiary of Fellow Subsidiary
17	SPP Pumps Real Estate LLC	Subsidiary of Fellow Subsidiary
18	SyncroFlo Inc.	Subsidiary of Fellow Subsidiary
19	SPP Pumps (Asia) Ltd	Subsidiary of Fellow Subsidiary
20	SPP Pumps (Singapore) Ltd	Subsidiary of Fellow Subsidiary
21	Rotaserve Limited	Subsidiary of Fellow Subsidiary
22	Kirloskar Brothers International Zambia Limited	Subsidiary of Fellow Subsidiary
23	Kirloskar Ebara Pumps Limited	Associate of Kirloskar Brothers Ltd.

(B) Names of Key Management Personnel

1	Chhittaranjan Mate	Chairman
2	Ravindra Samant	Managing Director
3	Ravi Sinha	Director
4	Sandeep Phadnis	Director
5	Achyut Gokhale	Independent Director
6	K.Taranath	Independent Director

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

(C) Disclosure of related parties transactions

Sr No	Nature of transaction/relationship/major parties	2017-18 Amount	2017-18 Amount for Major parties	2016-17 Amount	2016-17 *Amount for Major parties
1	Purchase of goods & services	**12,309.15**		6,441.58	
	Holding company - Kirloskar Brothers Limited capital goods		**-**		17.53
	Holding company - Kirloskar Brothers Limited others		**10,726.20**		3,057.49
	Fellow subsidiary - Karad Projects and Motors Ltd.		**526.82**		95.16
	Holding company - Kirloskar Brothers Limited Services		**524.29**		3,271.40
	Joint Venture of Holding Company- Kirloskar Ebara Pumps Limited- Goods		**531.84**		-
2	Sale of goods/contract revenue & services	**3,21,499.43**		2,65,693.41	
	Holding company - Kirloskar Brothers Limited - Goods		**3,03,571.65**		1,87,992.87
	Holding company - Kirloskar Brothers Limited - Services		**53.76**		1,035.55
	Joint Venture of Holding Company- Kirloskar Ebara Pumps Limited		**17,818.92**		76,567.82
	Joint Venture of Holding Company- Kirloskar Ebara Pumps Limited Services		**55.10**		97.17
3	Rendering Services	**200.00**		435.80	
	Holding company - Kirloskar Brothers Limited - Insurance charges		**-**		46.76
	Holding company - Kirloskar Brothers Limited Interest		**200.00**		389.04
4	Reimbursement of expenses	**6,920.60**		263.07	
	Holding company - Kirloskar Brothers Limited		**6,920.60**		263.07
5	Remuneration Paid	**97.50**		162.50	
	Key Management Personnel				
	Directors Sitting fees				
	Mr. Achyut Gokhale		**30.00**		75.00
	Mr. K.Taranath		**67.50**		87.50

* Major parties denote entities who account for 10% or more of the aggregate for that category of transaction

Sr No	Nature of transaction/relationship/major parties	31 March 2018 Amount	31 March 2018 Amount for Major parties	31 March 2017 Amount	31 March 2017 Amount for Major parties
1	Interest Free Unsecured Loan payable				
	Holding company	**12,214.02**	**12,214.02**	13,214.02	13,214.02
2	Trade receivable				
	Holding company	**36,245.71**	**36,245.71**	-	-
	Joint Venture	**2,964.25**	**2,964.25**	6,909.90	6,909.90
				-	-
3	Advance Received				
	Holding company	**-**	**-**	19,101.44	19,101.44
	Fellow Subsidiary Company	**-**	**-**	-	-

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

34 Details of provisions and movements in each class of provisions.

Particulars	Product Warranty	Compensated Absences
Carrying amount as at 1 April 2016	1,305.00	10,024.59
Add: Provision during the year 2016-17	1,530.55	3,167.06
Add: Unwinding of discounts	-	-
Less: Amount utilised during the year 2016-17	-	1,000.62
Less: Amount reversed during the year 2016-17	1,305.00	-
Carrying amount as at 31 March 2017	1,530.55	12,191.03
Add: Provision during the year 2017-18	2,126.06	-
Add: Unwinding of discounts	-	-
Less: Amount utilised during the year 2017-18	-	296.44
Less: Amount reversed during the year 2017-18	1,530.55	530.02
Carrying amount as at 31 March 2018	**2,126.06**	**11,364.57**

35 Fair Value of financial assets and liabilities

Set out below, is a comparison by class of the carrying amounts and fair value of the company's financial instruments that are recognised in the financial statements

Sr No	Particulars	Carrying Value		Fair Value	
		31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
	Financial Assets				
a)	Carried at amortised cost				
	Trade receivable *	**63,762.34**	28,462.46	**-**	-
	Security deposits	**43.78**	113.28	**43.78**	113.28
	Other financial assets	**-**	-	**-**	-
	Cash and cash equivalent *	**5,392.28**	1,088.57	**-**	-
	Other bank balances *	**866.84**	1,069.46	**-**	-
		70,065.23	30,733.77	**43.78**	113.28
	Financial Liabilities				
b)	Carried at amortised cost				
	Non-current borrowings	**37,500.00**	-	**37,500.00**	-
	Current borrowings at fixed rate of interest	**43,087.51**	44,225.79	**43,087.51**	44,225.79
	Current borrowings - Inter Corp. Deposits	**12,214.02**	13,214.02	**12,214.02**	13,214.02
	Current Maturities of Non-current borrowings	**12,500.00**	-	**12,500.00**	-
	Trade payable *	**1,11,632.47**	96,006.87	**-**	-
	Other current financial liabilities	**18,358.93**	15,696.74	**18,358.93**	15,696.74
		2,35,292.93	1,69,143.42	**1,23,660.46**	73,136.55

* The company has calculated fair value of financial assets and liabilities except for trade payables, trade receivables, cash and cash equivalents using discounted cash flow model. The company has not disclosed the fair values of trade payables, trade receivables, cash and cash equivalents, since their carrying amounts are reasonable approximation of fair value.

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

36 Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance company's operations and to provide guarantees to support its operations. Company's principal financial assets include advances to subsidiaries, trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations. Company is exposed to certain risks which includes market risk, credit risk and liquidity risk. Risk Management committee of the company oversees the management of these risks. This committee is accountable to audit committee of the board. This process provides assurance to the company's senior management that company's financial risk- taking activities are governed by the appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company's policies and risk appetite. The policies for managing these risks are summarised below.

1) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Company uses expected credit loss model for assessing and providing for credit risk. Refer note 36 b for expected credit loss model analysis.

a) Trade receivable

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. Trade receivables are non interest bearing and are generally on, 30 days to 90. days credit term. The company has no concentration of risk as customer base in widely distributed both economically and geographically. The ageing analysis of trade receivable as on reporting date is as follows

	Neither past due nor impaired	Past due but not impaired			Total
		Less than 180 days	181 to 365 days	above 366 days	
31 March 2018	56,381.39	7,016.85	53.18	310.92	63,762.34
31 March 2017	17,157.72	11,301.80	2.94	-	28,462.46

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the company's treasury department in accordance with company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Company monitors ratings, credit spread and financial strength of its counter parties. Based on ongoing assessment company adjust it's exposure to various counterparties. Company's maximum exposure to credit risk for the components of statement of financial position is the carrying amount as disclosed in Note 13.

2) Liquidity risk

Liquidity risk is the risk that the company may not be able to to meet it's present and future cash flow and collateral obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet it's cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. Company enjoys strong access to domestic and international capital market across debt, equity and hybrids.

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

The table summarizes the maturity profile of company's financial liabilities based on contractual undiscounted payments

As of 31 March 2018						
	Carrying amount	**On demand**	**Less than 180 days**	**181 to 365 days**	**above 366 days**	**Total**
Interest bearing borrowings	93,087.51	43,087.51	6250	6250	37500	93,087.51
Non Interest bearing borrowings	12,214.02	12214.02				12214.02
Other liabilities	18,358.93		18,358.93			18,358.93
Trade and other payable	1,11,632.47		1,10,739.81	444.78	447.88	1,11,632.47

As of 31 March 2017						
	Carrying amount	**On demand**	**Less than 180 days**	**181 to 365 days**	**above 366 days**	**Total**
Interest bearing borrowings	44,225.79	44,225.79				44,225.79
Non Interest bearing borrowings	13,214.02	13,214.02				13,214.02
Other liabilities	15,696.74		15,696.74			15,696.74
Trade and other payable	96,006.87		87,714.54	7,251.11	1,041.22	96,006.87

3) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments. The sensitivity analysis in the following sections relate to the position as at 31 March 2018 and 31 March 2017. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, proportion of financial instruments in foreign currencies are all constant at 31 March 2018. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. Company's activities expose it to variety of financial risks, including effect of changes in foreign currency exchange rate and interest rate.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

36 a Impairment of financial assets: Expected credit loss

Provision for expected credit loss

Internal rating	Category	Description of category	Basis of recording expected credit loss		
			Investments	Loans and deposits	Trade receivables
A	High quality asset, negligible credit risk	Assets where the counter party has strong capacity to meet obligations and where risk is negligible or nil.	12- months expected credit losses	12 months expected credit losses	Life- time expected credit losses - simplified approach
B	Standard asset, moderate credit risk	Assets where there is moderate risk of default and where there has been low frequency of defaults in past.			
C	Low quality asset, High credit risk	Assets where there is high probability of default. In general, assets where contractual payments are more than year past due are categorised as low quality asset. Also includes where credit risk of counter party has increased significantly through payments may not be more than a year past due.	Life- time expected credit losses	Life- time expected credit losses	
D	Doubtful asset- credit impaired	Assets are written off, when there is no reasonable expectations of recovery. Where loans and receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

As at 31 March 2018

1) Expected credit loss for loans, security deposits and investments

Particulars	Asset group	Internal rating	Estimated gross carrying amount of default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses	Financial assets for which credit risk has not increased significantly from inception	Deposit	A	-	0%	- 43.78
Loss allowance measured at life time expected credit losses	Financial assets for which credit risk has increased significantly and not credit impaired	Nil				
	Financial assets for which credit risk has increased significantly and credit impaired	Nil				

2) Expected credit loss for trade receivables under simplified approach

Particulars	Not due	Past due but not impaired			Total
		Less than 180 days	181 to 365 days	above 366 days	
Gross carrying amount	56,381.39	7,016.85	53.18	478.32	63,929.74
Expected loss rate	-	-	-	35.00	
Expected credit losses (Loss allowance provision				167.40	167.40
Carrying amount of trade receivable (Net of impairment)	56,381.39	7,016.85	53.18	310.92	63,762.34

As at 31 March 2017

1) Expected credit loss for loans, security deposits and investments

Particulars		Asset group	Internal rating	Estimated gross carrying amount of default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses	Financial assets for which credit risk has not increased significantly from inception	Deposit	A	-	0%	-	113.28
Loss allowance measured at life time expected credit losses	Financial assets for which credit risk has increased significantly and not credit impaired	NIL					
	Financial assets for which credit risk has increased significantly and credit impaired	NIL					

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

2) Expected credit loss for trade receivables under simplified approach

Particulars	Not due	Past due but not impaired			Total
		Less than 180 days	181 to 365 days	above 366 days	
Gross carrying amount	17,157.72	11,301.80	2.94	0	28,462.46
Expected loss rate	-	-	-	-	
Expected credit losses (Loss allowance provision					-
Carrying amount of trade receivable (Net of impairment)	17,157.72	11,301.80	2.94	0	28,462.46

Reconciliation of loss provision	
	Trade receivables
Loss allowance as at 31 March 2016	301.39
Changes in loss allowance	(301.39)
Loss allowance as at 31 March 2017	-
Changes in loss allowance	167.40
Loss allowance as at 31 March 2018	167.40

37 Capital management

For the purpose of the company's capital management, capital includes issued equity capital , share premium and all other equity reserves. The primary objective of the company's capital management is to maximise the shareholder value. The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Company's policy is to keep the gearing ratio between 20% and 40%. however, due to adverse scenario in the industry, company is not able to achieve this percentage. Further, company wishes to bring the range between 20% to 40% in the near future. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	31 March 2018	31 March 2017
Loans and borrowings	**92,801.53**	57,439.81
Less: Cash and Bank Balance	**6,259.12**	2,158.03
Net debt	**86,542.42**	55,281.78
Equity	**(26,179.01)**	(31,548)
Capital and net debt	**60,363.41**	23,734
Gearing %	**143.37%**	232.92%

NOTES TO ACCOUNTS (contd...)

(Amounts in Thousand Rupees)

38 The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises as at 31st March, 2018 are as under:

Particulars	**2017-18**	2016-17
Principal amount due and remaining unpaid	**17,532.86**	9,018.64
Interest due on above and unpaid interest	**3,639.17**	1,933.44
Interest paid	**-**	-
Payment made beyond appointment day	**-**	-
Interest due and payable for the period of delay	**-**	-
Interest accrued and remaining unpaid	**1,705.73**	998.03
Amount of further interest remaining due and payable in succeeding years	**-**	-

39 Segment reporting
Company operates in single segment as business of Steel and Alloy casting. The Executive Management Committee monitors the operating results of entire company as whole for the purpose of making decisions about resource allocation and performance assessment.

40 Previous Years figures are rearranged and regrouped wherever necessary

As per our report of even date attached
For M/s P. G. Bhagwat
Chartered Accountants
FRN- 101118W

Akshay B. Kotkar
Partner
Membership No. 140581
Pune : April 19, 2018

For and on behalf of the Board of Directors

Ravindra Samant
Managing Director
DIN:07002226

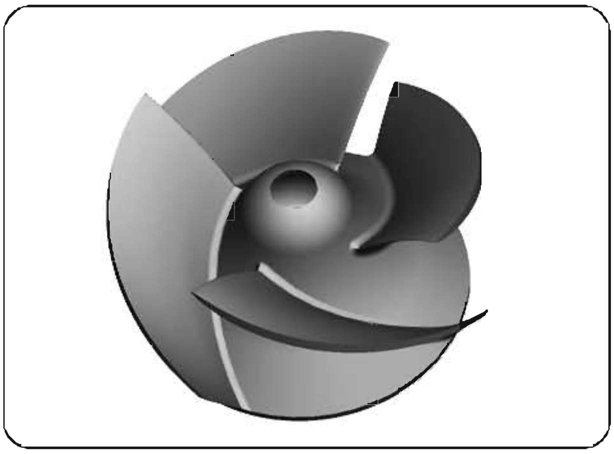
C M Mate
Chairman
DIN:07399559

Ananta Charan Das
Chief Finance Officer

Siddhesh Mandke
Company Secretary

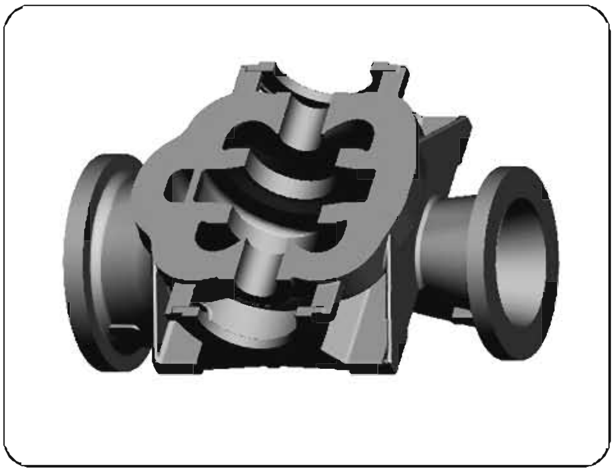
Route Map for Venue of 53rd Annual General Meeting of The Kolhapur Steel Limited

Pune-Bangalore Highway, Shiroli (Pulachi), Taluka-Hatkanangale, Dist. Kolhapur - 416 122



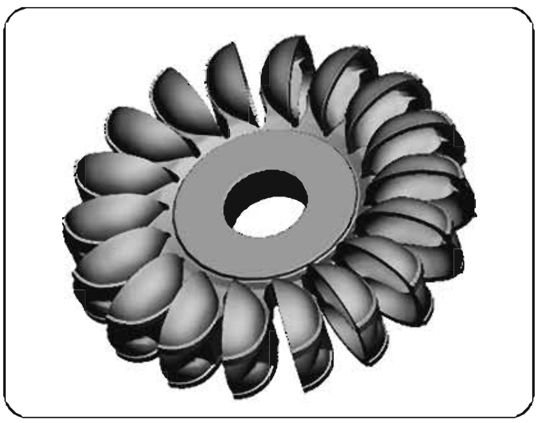
Open Impeller (6.6 MT)

1800mm MDNRV Body Inlet (13.5 MT)



Pump Casing (5.3 MT)

Pelton Turbine Runner (3 MT)



Enriching Lives

THE KOLHAPUR STEEL LIMITED

A Kirloskar Group Company

(Subsidiary company of Kirloskar Brothers Limited)

Pune - Bangalore Highway, Shiroli (Pulachi), Taluka - Hatkanangale,
District - Kolhapur - 416 122, Maharashtra, INDIA. Tel.:+91 (230) 2468 061/2/3
Email: info@kolhapursteel.com Website: www.kolhapursteel.com
CIN - U27106MH1965PLC013212

GROUP COMPANIES

SPP	SyncroFlo	BP	KOPL	RODELTA
United Kingdom	U.S.A.	South Africa	India	The Netherlands