Enriching Lives

# THE KOLHAPUR STEEL LIMITED

A Kirloskar Group Company

52nd ANNUAL REPORT 2016 - 2017

Annual Report for the financial year ended on 31st March 2017

**BOARD OF DIRECTORS**

| | |
|---|---|
| C. M. Mate | Chairman (w.e.f. 14-07-2016) |
| Ravindra Samant | Additional Director & Managing Director (w.e.f. 30-08-2016) |
| Sandeep Phadnis | Director |
| Ravi Sinha | Director |
| Sanjay Wadnerkar | Director |
| Aseem Srivastav | Director (upto 20-07-2016) |
| K. Taranath | Independent Director |
| Achyut Gokhale | Independent Director |

**CHIEF EXECUTIVE OFFICER**
Basant Kumar Grover (upto to 12-08-2016)

**CHIEF FINANCIAL OFFICER**
Ananta Charan Das (w.e.f. 30-08-2016)

**COMPANY SECRETARY**
Siddhesh Mandke (w.e.f. 30-08-2016)

**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**

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 | : | Saturday, 22nd July 2017 |
| Time | : | 11.00 a.m. |
| Venue | : | The Kolhapur Steel Limited<br>Pune-Bangalore Highway<br>Shiroli (Pulachi),<br>Taluka : Hatkanangale<br>Kolhapur - 416122 |

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# NOTICE

Notice is hereby given that the 52nd 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 Saturday, 22nd day of July, 2017 at 11.00 a.m. to transact the following business :

1. To consider and adopt the Financial Statements as at March 31, 2017 and Board's Report and Auditors' Report thereon.

2. To appoint a director in place of Mr. Chittaranjan M. Mate (DIN 07399559) who retires by rotation and being eligible, offers himself for re-appointment.

3. To ratify appointment of the Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**Special Business :**

4. To pass with or without modification(s), the following resolution as an Ordinary Resolution :

   **"RESOLVED THAT** pursuant to the provisions of Section 152, 160 and other applicable Sections if any, of the Companies Act, 2013 and rules made thereunder as amended from time to time, approval be and is hereby given for appointment of Mr. Ravindra R. Samant (DIN 07002226) as a Director of the Company not liable to retire by rotation.

   **RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all the acts, deeds, matters and things as may be necessary to give effect to this resolution."

5. To pass with or without modification(s), the following resolution as an Ordinary Resolution :

   **"RESOLVED THAT** pursuant to Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and as per the provisions of 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 and as recommended by the Board, the consent of the Members be and is hereby accorded for the appointment of Mr. Ravindra R. Samant (DIN 07002226) as a Managing Director for a period of three (3) years with effect from August 30, 2016 for a period up to August 29, 2019 in addition to his existing appointment as a Managing Director of Karad Projects and Motors Limited (KPML), 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 as set out in the Agreement to be entered into between the Company and Mr. Ravindra R. Samant and on the remuneration set out below :-

   **Performance Linked Pay**

   Performance Linked pay to the extent of ₹ 40,00,000/- (Rupees Forty Lakhs Only) may be paid, subject to the remuneration policy of the Company and inter alia including other criteria as may be decided by the Nomination and Remuneration Committee for the financial years 2016-17 and 2017-18.

   **Perquisites:**

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

   **Minimum Remuneration :**

   In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Managing Director, the payment of perquisites actually paid shall in no event exceed the limits prescribed in Schedule V to the Companies Act, 2013 as may be amended from time to time, as minimum remuneration, subject to other restrictions and provisions for computation of the ceiling on remuneration etc. as may be applicable from time to time.

   The Managing Director, so long as he functions as such, shall be a non-retiring Director and shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds, matters and things as may be necessary to give effect to this resolution."

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

sd/-
**Siddhesh Mandke**
Company Secretary

Place: Pune
Date: June 21, 2017

**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 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. The 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). During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, Member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided written notice is given to the Company at least 3 (three) days before the commencement of the Meeting. The proxy holder shall bring his/her ID-proof for the purpose of identification at the time of attending the meeting.

2. Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), Statement of material facts in respect of Item No. 4 and 5 above is annexed.

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

4. Register of Contracts 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 AGM.

5. Members desiring any information as regards to the accounts are requested to write to the Company atleast 7 (seven) days before the date of the meeting to enable the management to keep the information ready.

6. Members of the Company and / or their proxies only will be allowed to attend the 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.

7. Since, the Company's shares are available for dematerialisation, to ensure better investor service and elimination of risk of holding shares in physical form, it is requested that the Members holding shares in physical form to get their shares dematerialised at the earliest.

8. Members are requested to notify any change in their address to the Company / Registrar & Transfer Agents (R&T 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.

9. The Company has appointed 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 :-

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

10. Pursuant to Section 124 of the Act, read with relevant rules, amount transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company along with interest accrued to a fund called "Investor Education and Protection Fund" (IEPF), set up by the Central Government. The unpaid / unclaimed final dividend for the financial year 2009-10 along with the shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more will become transferable from the respective dates of transfer of such amount to the unclaimed dividend accounts of the Company in the name of IEPF. Provided that any claimant of the shares so transferred to IEPF shall be entitled to claim the transfer of shares from IEPF in accordance with such procedure and on submission of such documents as may be prescribed.

    The details of the same are given below :

| Year | Dividend in ₹ per share | Date of declaration | Due Date of transfer to the IEPF Account |
|---|---|---|---|
| 2009 - 10 | 1.00 | 14-Jul-10 | August, 2017 |
| 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 year 2012-13. The details of unclaimed dividend up to the year 2012-13 have been uploaded on the 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.

11. Pursuant to the provisions of Section 124 (5) and 125 of the Act and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017, ("IEPF Amendment Rules") all shares on which dividend amount has not been paid / claimed for 7 (seven) consecutive years or more shall be transferred to a Demat Account or any other account as may be notified by IEPF Authority from time to time, after complying with the procedure laid down under IEPF Amendment Rules. The Company is in the process of complying with the provisions of these rules.

12. In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Companies (Management and Administration) Amendment Rules, 2015 as amended 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 :**

13. The notice of the AGM is being sent to the Members, whose names appear in the Register of Members as on June 9, 2017. The cut-off date for entitlement of voting rights for the purpose of remote e-voting shall be considered on the paid up value of shares registered in the name of the shareholders in case of all those beneficial owners holding shares in electronic form, as per the ownership data made available to the Company by NSDL and Central Depository Services (India) Limited (CDSL) on closing hours on Saturday, July 15, 2017 and to all those Members holding shares in physical form or in dematerialised form on closing hours on Saturday, July 15, 2017 only.

14. 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.

15. The remote e-voting shall commence on Wednesday, July 19, 2017 at 9.00 a.m. and end on Friday, July 21, 2017 at 5.00 p.m. Remote e-voting shall not be allowed beyond Friday, July 21, 2017 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 15, 2017 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 Friday, July 21, 2017.

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

    i. You will receive an e-mail from NSDL containing your user ID and password for remote e-voting along with the notice of the meeting. Please note that the password is an initial password and needs to be changed on initial login.

    ii. If you are already registered with NSDL for remote e-voting, then you can use your existing user-ID & password for login.

    iii. For voting, you should log on to https://www.evoting.nsdl.com and click on 'Shareholder - Login' during the period mentioned in point No. 15 above.

    iv. Enter user ID and password as initial password and click login.

    v. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

    vi. Click on 'e-voting: Active Voting Cycles'.

    vii. Select the 'Electronic Voting Event Number' (EVEN) of The Kolhapur Steel Limited (which is provided in the Attendance Slip).

    viii. Now you are ready for e-voting as 'cast vote' page opens.

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

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

    xi. Institutional shareholders, if any, are required to send scanned copy (in PDF or JPEG format) of the relevant Board Resolution / Power of Attorney 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.

17. In case of other Members :

    You will receive login ID and password at the bottom of the Attendance slip. Please follow steps from 16 (iii) to (xi) for casting vote electronically.

18. 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 15, 2017 for voting, may write to the Company at designated e-mail ID laxmikant.katekar@kolhapursteel.com or Mr. Rajiv Ranjan, Assistant Manager, NSDL at his designated e-mail IDs evoting@nsdl.co.in or rajivr@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 - 24994738 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.

19. The Chairman shall at the 52nd AGM, at the end of discussion on the resolutions 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.

    Please note that a Member whose name is recorded in the Register of Members or Register of Beneficial Owners maintained by the depositories as on July 15, 2017, only shall be entitled to avail the facility of remote e-voting or voting at the AGM.

20. Kindly note that vote once cast cannot be modified and Members who have exercised e-voting remotely may attend the meeting but shall not be entitled to cast their vote again.

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' section of www.evoting.nsdl.com.

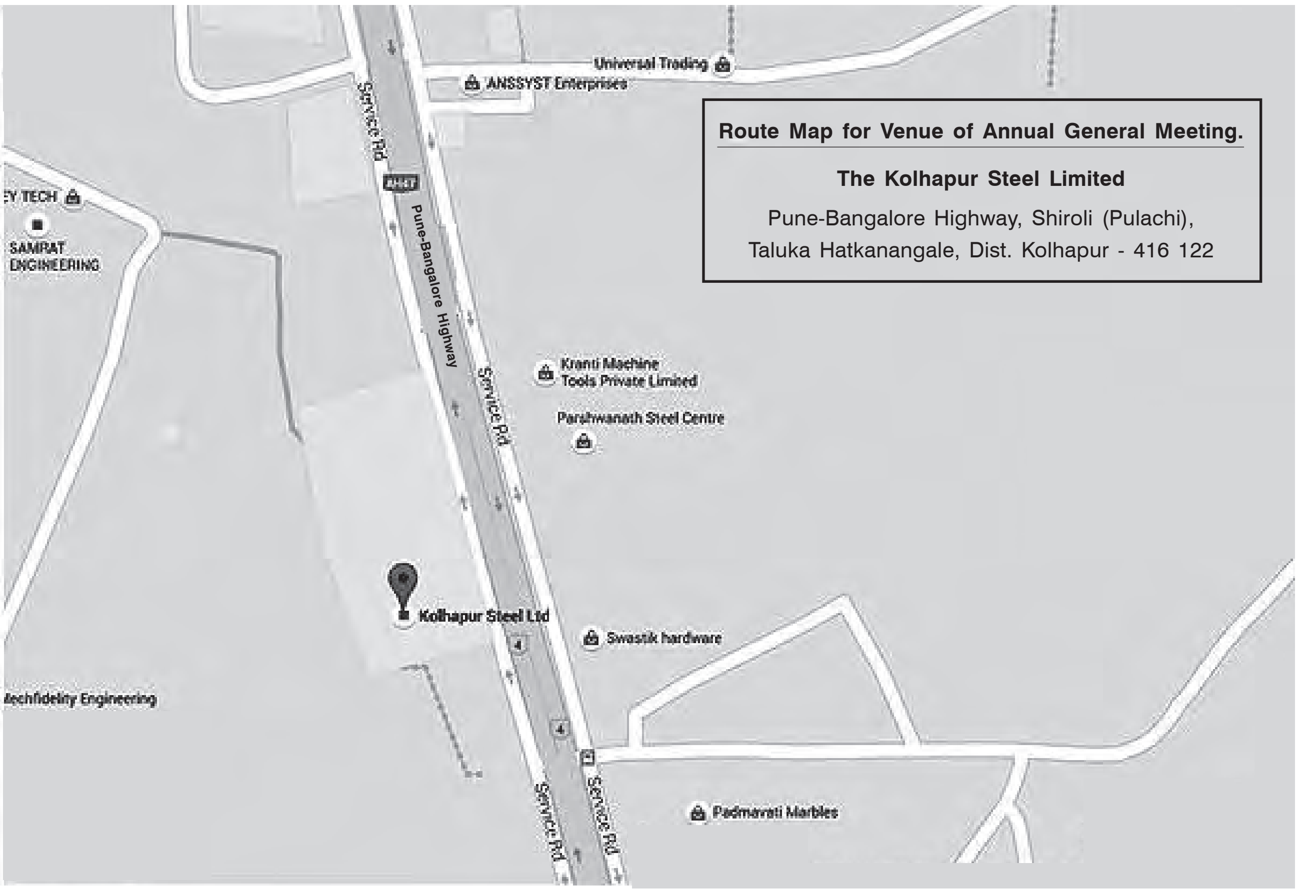
22. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and not later than 3 (three) days of the conclusion of the remote e-voting period, 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, 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 simultaneously at www.evoting.nsdl.com within 2 (two) days of passing of the resolution at the Annual General Meeting.

25. The Notice has been uploaded on the website of the Company and NSDL.

26. A person who is not a Member as on the cut-off date i.e. July 15, 2017 and who is in receipt of the Notice are requested to treat this Notice for information purpose only.



# ANNEXURE TO THE NOTICE

**I. Details of Directors Seeking Appointment/ Re-Appointment as required under Secretarial Standards (SS-2)**

**Item No. 2**

Mr. Chittaranjan M. Mate (age 60) (DIN 07399559) retires by rotation and being eligible, offers himself for re-appointment. He will be re-appointed without payment of any remuneration and on such other terms and conditions as may be decided by the Board of Directors of the Company. No remuneration has been drawn by him till date.

Mr. Mate holds Bachelor degree in Commerce and is a Chartered Accountant. He is having a 36 years of experience in Finance. Before joining Kirloskar Brothers Limited, he was working with Kirloskar Ebara Pumps Limited since 1989 and handled various assignments in Finance as well as other departments. He is not holding any shares in the Company.

Mr. Mate is a Non-Executive Director on the Board of the Company, appointed with effect from March 3, 2016 and does not hold any shareholding in the Company. He has attended all the 7 (seven) Meetings of the Board during the year 2016-17. He is a Member of the Audit Committee and Stakeholders Relationship Committee of the Board of Directors of the Company. He is also a Nominee and Designated Partner in KBL Synerge LLP. Besides this he is not holding any other Directorships or Membership/Chairmanship of the Committees of other Boards or Partnerships in firms/LLPs.

Except Mr. Mate, none of the other Directors and Key Managerial Personnel including their relatives is concerned or interested, directly or indirectly, financially or otherwise in the proposed appointment.

**II. Statement of material facts as required under Section 102 of the Companies Act, 2013**

**Item No. 4 and Item No. 5**

Mr. Ravindra R. Samant (age 46) (DIN 07002226) is a graduate in Industrial Electronics and a post graduate in Business Management. He has a vast experience in Operations Management. He is also certified as a "MOST" auditor and is a six sigma green belt holder.

Mr. Samant was appointed as a Chief Executive Officer (CEO) of Hematic Motors Private Limited in May, 2013. Post merger of Hematic Motors Private Limited with Kirloskar Construction & Engineers Limited, he is appointed as a Managing Director of the merged entity viz., Karad Projects and Motors Limited with effect from October, 2014.

Mr. Samant was appointed as an additional director and subsequently as a Managing Director of the Company with effect from August 30, 2016 for a period of 3 (three) years up to August 29, 2019 on such terms and conditions as maybe decided by the Board of Directors of the Company. He is sought to be paid remuneration in the form of perquisites by way of Performance Linked pay to the extent of ₹ 40,00,000/- (Rupees Forty Lakhs Only) subject to remuneration policy of the Company and inter alia including other criteria as may be decided by the Nomination and Remuneration Committee for the financial years 2016-17 and 2017-18.

He has attended 5 (five) meetings of the Board since his appointment during the year 2016-17 and does not hold any shareholding in the Company.

As mentioned above, Mr. Samant is also the Managing Director of Karad Projects and Motors Limited and a Member of Corporate Social Responsibility Committee of the Board of Directors of Karad Projects and Motors Limited. Besides this he is not holding any other Directorships or Membership/Chairmanship of the Committees of other Boards.

Except Mr. Samant, none of the other Directors and Key Managerial Personnel including their relatives are concerned or interested, directly or indirectly, financially or otherwise in the proposed appointment.

The approval of Members is sought for the appointment of Mr. Samant as Managing Director of the Company.

The Board recommends the passing of this resolution as an Ordinary Resolution.

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

sd/-
**Siddhesh Mandke**
Company Secretary

Place: Pune
Date: June 21, 2017

# BOARD'S REPORT

To

The Members of the Company,

Your Directors present the 52nd Annual Report and Financial Statements of the Company for the year ended March 31, 2017 together with the Reports of the Auditors' and Board thereon.

## 1. FINANCIAL PERFORMANCE

The financial results of the Company for the year 2016-17 as compared with the previous year are as under :-

| | **Year ended March 31, 2017 (Amt ₹ in Thousands)** | Year ended March 31, 2016 (Amt ₹ in Thousands) |
|---|---|---|
| Revenue from Operations | **359,805.76** | 441,244.93 |
| Other income | **3,391.64** | 5,271.53 |
| Total | **363,197.40** | 446,516.46 |
| Profit before tax | **(45,542.46)** | (46,732.22) |
| Tax Expense | **(2,710.37)** | 5,920.95 |
| Profit for the period | **(42,832.08)** | (52,653.17) |
| Other Comprehensive Income | **644.64** | 110.35 |
| Surplus in Profit & Loss Account brought forward from previous year | **(266,712.97)** | (214,170.16) |
| Depreciation and amortization expense | **15,130.20** | 17,557.42 |
| Available surplus | **(308,900.41)** | (266,712.97) |

## 2. STATEMENT OF AFFAIRS

Your Company's turnover for the year under review has decreased by 19.31%. The Company has incurred losses mainly due to prolonged recessionary conditions in all the industrial sectors, increase in prices of power and input materials cost.

The existing Authorised Share Capital of the Company ₹ 30,00,00,000/- (Rupees Thirty Crores only) divided into ₹ 5,00,00,000/- (Rupees Five Crores only) equity share capital consisting of 5,00,00,000 (Five Crores) equity share of ₹ 1/- (Rupee One only) each and ₹ 25,00,00,000/- (Rupees Twenty Five Crores only) Preference Share Capital consisting of 2,50,00,000 (Two Crores Fifty Lacs) Preference Shares of ₹ 10/- (Rupees Ten only) each increased to ₹ 55,00,00,000/- (Rupees Fifty Five Crores only) divided into 30,00,00,000 (Thirty Crores) equity shares of ₹ 1/- (Rupee One only) each and Preference Share Capital consisting of 2,50,00,000 (Two Crores Fifty Lacs) Preference Shares of ₹ 10/- (Rupees Ten only) each.

The Company has preferentially issued and allotted 250,000,000 equity shares of ₹ 1/- (Rupee One only) each to Kirloskar Brothers Limited which will rank paripassu with the existing equity shares of the Company in all respects, including dividend. The Proceeds of the said issue of equity shares have been utilized to redeem 6% 1,50,00,000 and 1,00,00,000 Cumulative Non-convertible Redeemable Preference Shares of ₹ 10/- (Rupees Ten only) each issued to Kirloskar Brothers Limited.

After redemption of the abovementioned Preference Shares, the Authorised Share Capital of the Company has been re-classified as ₹ 55,00,00,000/- (Rupees Fifty Five Crores only) equity share capital consisting of 55,00,00,000 (Fifty Five Crores) equity shares of ₹ 1/- (Rupee One only) each.

There were no other material changes or commitments to report which affect the financial position of the Company that has occurred between the end of the financial year and the date of this report.

## 3. BOARD OF INDUSTRIAL AND FINANCE RECONSTRUCTION (BIFR) ORDER

The Company had made reference to BIFR, the Bench noted that the Company has ceased to be a Sick Industrial Company in terms of Section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 as the Company's net worth had turned positive as on 31.03.2016. Accordingly the reference of registered case no. 87/2014 by BIFR was dismissed.

## 4. DIVIDEND

No Dividend is recommended for the year ended March 31, 2017.

## 5. RESERVES

No amount is proposed to be carried to any reserves.

## 6. 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 an Annexure I to this report.

## 7. BOARD MEETINGS

During the Financial Year 2016-17 the Board of Directors met 7 (seven) times on 15th April, 2016, 14th July, 2016, 30th August, 2016, 14th October, 2016, 16th November, 2016, 13th January 2017 and 24th February, 2017.

## 8. 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 loss 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.

## 9. 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.

## 10. 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.

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

## 11. 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.

All the recommendations of the Audit Committee have been accepted by the Board.

## 12. 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.

## 13. 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.

## 14. 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; | ₹ 19,101,442/- which was adjusted against invoices during the year. |

## 15. 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**.

## 16. 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.

**17. 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 March 31, 2017 has been completed.

**18. 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) There has been no change in the nature of the business during the year under review :**

**(iii) Directors and Key Managerial Personnel :**

Mr. Ravi Sinha, Mr. Chittaranjan Mate and Mr. Sanjay Wadnerkar who were appointed as Additional Directors with effect from March 03, 2016 respectively were appointed as Directors at the Annual General Meeting held on July 14, 2016 pursuant to the provisions of Section 149, 152, 160 and other applicable sections of the Companies Act, 2013 and rules made thereunder.

Mr. Ravindra R. Samant has been appointed as an Additional Director with effect from August 30, 2016, pursuant to the provisions of Section 161 of the Companies Act, 2013 and all other applicable provisions read with applicable rules thereunder and Articles of Association of the Company and who holds office till the date of the ensuing Annual General Meeting. Being eligible he offers himself for re-appointment. A proposal for his appointment as a Director not liable to retire by rotation at the ensuing Annual General Meeting with the requisite deposit by a Member has been received.

The Board recommends his appointment as Director not liable to retire by rotation.

Subject to the approval of Members at the Annual General Meeting and such other approvals as may be required and pursuant to Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and as per the provisions of 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, Mr. Ravindra R. Samant has been appointed as a Managing Director of the Company in addition to his existing appointment as a Managing Director of Karad Projects and Motors Limited with effect from August 30, 2016 for a period of 3 (three) years up to August 29, 2019, 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.

The Board recommends his appointment as Managing Director.

Mr. Siddhesh Mandke has been appointed as Company Secretary and whole-time Key Managerial Personnel of the Company with effect from August 30, 2016, pursuant to the provisions of Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2014 and pursuant to the recommendation of Nomination and Remuneration Committee without any remuneration from the Company, being on deputation from Kirloskar Brothers Limited- Holding Company and on such terms and conditions as may be decided by the Board.

Mr. Ananta Charan Das has been appointed as Chief Financial Officer and whole-time Key Managerial Personnel of the Company with effect from August 30, 2016, pursuant to the provisions of Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2014 and pursuant to the recommendation of Nomination and Remuneration Committee on such remuneration as may be decided by the Board and on existing terms and conditions of his appointment unless otherwise decided by the Board or any committee constituted or to be constituted by the Board.

Mr. Jayant Raghunath Sapre, Mr. Aseem Srivastav resigned as Directors of the Company due to pre-occupation with effect from May 24, 2016 and July 20, 2016 respectively. The Board of Directors places on record its sincere gratitude to them who provided guidance and expertise to the Company from time to time.

Mr. Basant Kumar Grover-Chief Executive Officer of the Company who was appointed as Key Managerial Personnel of the Company has resigned with effect from August 12, 2016. The Board of Directors places on record its appreciation for valuable contributions made by Mr. Basant Kumar Grover during his tenure as Chief Executive Officer of the Company.

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

**(v) 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.

**(vi) 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 (Acceptance of Deposits) Rules, 2014.

**(vii) Significant and material orders passed by the Regulators or Court or Tribunals impacting the going concern status and company's operations in future :** None.

**(viii) 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 2016-17. 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.

**Other disclosures required under Companies Act, 2013 as may be applicable :**

**(i) 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 |

**HOLDING COMPANY**

Kirloskar Brothers Limited is the Holding Company.

**CASH FLOW**

A Cash Flow Statement for the year ended March 31, 2017 is attached to the Financial Statement.

**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, subject to ratification of shareholders at each Annual General Meeting.

**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, 2017 :

| | |
|---|---|
| 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 conduced 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: April 14, 2017

**ANNEXURE I**

**Form No. MGT-9**
**EXTRACT OF ANNUAL RETURN**
as on the financial year ended on 31.03.2017
[Pursuant to Section 92(3) of the *Companies Act, 2013* and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS :

| | |
|---|---|
| i) CIN | 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 Road, Shiroli (Pulachi), Kolhapur-416 122<br>Phone : 0230-2468061 / 62 / 63 |
| vi) Whether listed company | No |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited,<br>Block No. 202, 2nd Floor, Akshay Complex,<br>Near Ganesh Temple, Off Dhole Patil Road,<br>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. | 16314315 | 0 | 16314315 | 95.97% | 266314315 | 0 | 266314315 | 99.74% | 3.77% |
| 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) : -** | **16314315** | **0** | **16314315** | **95.97%** | **266314315** | **0** | **266314315** | **99.74%** | **3.77%** |

**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)** | **16314315** | **0** | **16314315** | **95.97%** | **266314315** | **0** | **266314315** | **99.74%** | **3.77%** |
| **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 | 4.03% | 11477 | 674208 | 685685 | 0.26% | 3.77% |
| 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 |
| **Sub-total (B)(2):-** | **11477** | **674208** | **685685** | **4.03%** | **11477** | **674208** | **685685** | **0.26%** | **3.77%** |
| **Total Public Shareholding (B)=(B)(1)+(B)(2)** | **11477** | **674208** | **685685** | **4.03%** | **11477** | **674208** | **685685** | **0.26%** | **3.77%** |
| **C. Shares held by Custodian for GDRs & ADRs** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Grand Total (A+B+C)** | **16325792** | **674208** | **17000000** | **100.00%** | **266325792** | **674208** | **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 | 16314315 | 95.97% | 0 | 266314315 | 99.74% | 0 | 3.77% |
| | **Total** | **16314315** | **95.97%** | **0** | **266314315** | **99.74%** | **0** | **3.77%** |

### (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 | 16314315 | 95.97% | 16314315 | 95.97% |
| | 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.) : | | | | |
| | July 14, 2016 (Allotment on Redemption of Preference Shares) | 250000000 | 93.63% | 266314315 | 99.74% |
| | At the end of the year | – | – | 266314315 | 99.74% |

### (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 | **RAJSHEKHAR KESHAV SAHASRABUDHE** | | | | |
| | At the beginning of the year | 7932 | 0.05% | 7932 | 0.05% |
| | Date wise Increase / Decrease in Share holding 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% |
| **2** | **SHINDE SADASHIVRAO BHAURAO** | | | | |
| | At the beginning of the year | 7685 | 0.04% | 7685 | 0.04% |
| | Date wise Increase / Decrease in Share holding 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% |

| 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 | **PATIL ATUL ANANDRAO** | | | | |
| | At the beginning of the year | 7063 | 0.04% | 7063 | 0.04% |
| | Date wise Increase/Decrease in Share holding 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% |
| 4 | **KADAM SHRIKANT DATTATRAYA** | | | | |
| | At the beginning of the year | 5450 | 0.03% | 5450 | 0.03% |
| | Date wise Increase / Decrease in Share holding 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) | | | 5450 | 0.002% |
| 5 | **PATIL SHANTABAI SHIVAJI** | | | | |
| | At the beginning of the year | 4400 | 0.03% | 4400 | 0.03% |
| | Date wise Increase / Decrease in Share holding 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 | 0.02% | 4225 | 0.02% |
| | Date wise Increase / Decrease in Share holding 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 | 0.02% | 3915 | 0.02% |
| | Date wise Increase / Decrease in Share holding 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 | **PATIL LAXMI GOVIND** | | | | |
| | At the beginning of the year | 3845 | 0.02% | 3845 | 0.02% |
| | Date wise Increase / Decrease in Share holding 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) | | | 3845 | 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 | **PATEL VEERJIBHAI LADHARAM** | | | | |
| | At the beginning of the year | 3775 | 0.02% | 3775 | 0.02% |
| | Date wise Increase / Decrease in Share holding 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% |
| 10 | **YADAV PUSHPA RAGHUNATH** | | | | |
| | At the beginning of the year | 3730 | 0.02% | 3730 | 0.02% |
| | Date wise Increase / Decrease in Share holding 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% |

### (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 Share holding 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 | 35,083.27 | 13,214.02 | 0 | 48,297.29 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| **Total (i+ii+iii)** | **35,083.27** | **13,214.02** | **0** | **48,297.29** |

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Change in Indebtedness during the financial year** | | | | |
| ● Addition | 9,142.52 | 0 | 0 | 9,142.52 |
| ● Reduction | 0 | 0 | 0 | 0 |
| **Net Change** | 9,142.52 | 0 | 0 | 9,142.52 |
| **Indebtedness at the end 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** |

## 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 | Total Amount (₹) |
|---|---|---|---|
| | | Ravindra Samant Managing Director (with effect from 30.08.2016) | |
| 1 | Gross salary | NA | NA |
| | (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. | Particulars of Remuneration | Name of Director | | Total |
|---|---|---|---|---|
| No. Amount | **Independent Directors** | **Mr. K. Taranath (₹)** | **Mr. Achyut Gokhale (₹)** | **Amount (₹)** |
| | Fee for attending board/committee meetings | 87,500 | 75,000 | 162,500 |
| | Commission | 0 | 0 | 0 |
| | Others, please specify | 0 | 0 | 0 |
| | **Total (1)** | **87,500** | **75,000** | **162,500** |

| | Particulars of Remuneration | Name of Directors | | | | | Total Amount (₹) |
|---|---|---|---|---|---|---|---|
| **Sr. No.** | **Other Non-Executive Directors** | **J.R. Sapre (upto May 24, 2016)** | **Sandeep Phadnis** | **Aseem Srivastav (upto July 20, 2016)** | **Ravi Sinha** | **Chittaranjan Mate** | |
| | Fee for attending board/ committee meetings | Nil | Nil | Nil | Nil | Nil | Nil |
| | Commission | Nil | Nil | Nil | Nil | Nil | Nil |
| | Others, please specify | Nil | Nil | Nil | Nil | Nil | Nil |
| | **Total (2)** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| | **Total (B) = (1+2)** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| | **Total Managerial Remuneration** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| | **Overall Ceiling as per the Act** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |

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

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | Company Secretary | CFO | Total (₹) |
| | | Mr. Basant Grover (upto August 12, 2016) (₹) | Mr. Siddhesh Mandke (from August 30, 2016) (₹) | Mr. Ananta Das (from August 30, 2016) (₹) | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 1,328,019 | NIL | 880,917 | 2,208,936 |
| | (b) Value of perquisites under Section 17(2) of the Income-Tax Act, 1961 | NIL | NIL | NIL | NIL |
| | (c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961 | NIL | NIL | NIL | NIL |
| 2 | Stock Option | NIL | NIL | NIL | NIL |
| 3 | Sweat Equity | NIL | NIL | NIL | NIL |
| 4 | Commission | | | | |
| | - As % of profit | NIL | NIL | NIL | NIL |
| | - Others, specify | NIL | NIL | NIL | NIL |
| 5 | Others, please specify | NIL | NIL | NIL | NIL |
| | **Total** | **1,328,019** | **NIL** | **880,917** | **2,208,936** |

**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**

- Adoption of energy efficient equipments.
- Adoption of energy efficient manufacturing processes.
- Adoption of latest technologies.
- Maximization of conversion efficiency.

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

- The Company has converted one heat treatment furnace from HIGH SPEED DIESEL to BIO-GAS.

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

**(B) TECHNOLOGY ABSORPTION :**

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

- Secondary refining of Steel has been introduced by the application of AOD Furnace and Laddle Refining Furnace to improve basic casting quality.
- Complete Automation of Rapid Quench Heat Treatment Furnace to meet customer quality requirements.

(ii) **Benefits derived :**

- Process & Technology up gradation in all function in Foundry for making value added castings for Pumps, Valves & Turbine Sector.
- Approximate 1800kwh power saving per month.

(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 : NA

(b) the year of import : NA

(c) Whether the technology been fully absorbed : NA

(d) If not fully absorbed, are as 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 :** | **₹** |
|---|---|
| Foreign Exchange outgo towards import of Raw Material | 3,88,782/- |

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

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

Place: Pune
Date: April 14, 2017

# INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF

### THE KOLHAPUR STEEL LIMITED

**Report on the Financial Statements**

We have audited the accompanying financial statements of **The Kolhapur Steel Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, the Statement of Changes in Equity and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We 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 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 2017, its loss, 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; 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, 2017, 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. 24 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

      4) The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

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

**Nikhil M. Shevade**
**Partner**
Membership No. 217379

**Place :** Pune
Date : 14th April, 2017

# ANNEXURE A TO THE AUDITOR'S REPORT

**Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements of even date.**

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) In our opinion the frequency of verification of Fixed Assets 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, 2015, 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, wealth tax, service tax, duty of customs, duty of excise, value added 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, Wealth Tax, Service Tax, Custom duty, Excise Duty 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) |
| Central Sales Tax Act, 1956 | 11,21,160 | 2009-10 | Jt. Commissioner of Sales Tax (Appeals) |

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. 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 issued Equity shares by way of preferential allotment during the year under review, accordingly we confirm that requirements of section 42 & 62 of the Companies Act 2013 has been complied with and the amount so raised has been utilized for the purposes for which it is raised.

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

**Nikhil M. Shevade**
**Partner**
Membership No. 217379

**Place : Pune**
Date : 14th April, 2017

# ANNEXURE B TO THE AUDITOR'S REPORT

**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 31$^{st}$ March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Nikhil M. Shevade**
**Partner**
Membership No. 217379

**Place : Pune**
Date : 14th April, 2017

# NOTES TO ACCOUNTS

**Significant accounting policies**

**1. Corporate information**

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

The Company had become Sick Industrial Company within the meaning of clause (o) sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985 in 2014-15 and accordingly had made reference under sub-section (1) of Section 15 of the said Act to the Board of Industrial and Financial Reconstruction (BIFR) for determination of measures for revival of the Company. Accordingly the Company has received Order from Hon'ble BIFR dated 08/08/2016 confirming that the Company does not remain Sick Industrial Company in term of clause (o), sub section (1) of section 3 of Sick Industrial Companies (Special Provisions) Act, 1985. (Refer Note 35)

**2. Significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

These are the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101 First-time Adoption of Indian Accounting Standards (Ind AS 101) has been applied. The transition has been carried out from Indian GAAP which is considered as the Previous GAAP, as defined in Ind AS 101. An explanation of how the transition to Ind AS has affected the reported balance sheet, profit or loss and cash flows of the Company is provided in note no 39.

The financial statements were authorised for issue by the Board of Directors on 14th April 2017.

**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 ₹ (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.

**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 28**

   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 28.

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 condition are accounted for as follows:

- Raw materials: 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 within 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 cos**ts

  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) 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 recognised 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 financial 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 are 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

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs

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 2017

**(Amounts in Indian ₹ Thousand)**

| Particulars | Note No | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, Plant and Equipment | 3 | 108,112.51 | 121,089.92 | 85,022.87 |
| Capital work-in-progress | | 4,746.33 | 225.00 | 41,637.83 |
| Investment Property | 4 | 2,568.07 | 2,674.18 | 2,780.29 |
| Goodwill | | - | - | - |
| Other Intangible assets | 3 | 34.97 | 314.65 | 469.55 |
| Intangible assets under development | | - | - | - |
| Biological Asset other than bearer plants | | - | - | - |
| **Financial Assets** | | | | |
| Investments | | - | - | - |
| Trade receivables | | - | - | - |
| Loans | | - | - | - |
| Others | 5 | 350.00 | 350.00 | 350.00 |
| Deferred tax assets | 6 | 15,881.67 | 15,288.72 | 14,424.25 |
| Other non-current assets | 7 | - | 1,725.25 | 7,916.06 |
| **Total non-current assets** | | **131,693.55** | **141,667.72** | **152,600.85** |
| **Current assets** | | | | |
| Inventories | 8 | 54,303.32 | 48,511.11 | 62,535.39 |
| Financial Assets | | | | |
| Investments | | - | - | - |
| Trade receivables | 5 | 28,462.46 | 16,699.74 | 35,008.33 |
| Cash and cash equivalents | 9 | 1,088.57 | 106.86 | 123.36 |
| Bank balance other than above | 9 | 719.46 | 711.62 | 704.90 |
| Loans | 5 | 113.28 | 101.27 | 101.27 |
| Others | 5 | 28.26 | 33.90 | 8.68 |
| Current Tax Assets | 6 | 325.63 | 385.32 | 181.02 |
| Other current assets | 7 | 7,228.09 | 8,498.01 | 10,513.53 |
| **Total current assets** | | **92,269.07** | **75,047.83** | **109,176.48** |
| **TOTAL ASSETS** | | **223,962.62** | **216,715.55** | **261,777.33** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 10 | 2,67,001.56 | 17,001.56 | 17,001.56 |
| Other equity | 11 | (2,98,549.06) | (2,56,361.62) | (2,03,818.80) |
| **Total equity** | | **(31,547.50)** | **(2,39,360.06)** | **(1,86,817.24)** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Financial Liabilities | | | | |
| Borrowings | 12 | - | 2,50,000.00 | 1,50,000.00 |
| Trade payables | | - | - | - |
| Other financial liabilities | | - | - | - |
| Provisions | 14 | 35,449.96 | 32,987.28 | 32,055.81 |
| Deferred tax liabilities | 6 | 11,793.98 | 13,623.14 | 6,788.36 |
| Other non-current liabilities | | | | |
| **Total non-current liabilities** | | **47,243.94** | **296,610.42** | **188,844.17** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 12 | 57,439.81 | 48,297.29 | 1,50,163.78 |
| Trade payables Others | 13 | 86,702.23 | 71,601.61 | 64,455.30 |
| Trade payables MSME | 13 | 9,018.64 | 7,690.14 | 2,861.71 |
| Other financial liabilities | 13 | 15,982.73 | 14,735.70 | 26,573.46 |
| Other current liabilities | 15 | 25,415.93 | 4,811.20 | 3,706.73 |
| Provisions | 14 | 13,706.84 | 12,329.26 | 11,989.43 |
| Current Tax liabilities | | - | - | - |
| **Total current liabilities** | | **208,266.18** | **159,465.20** | **259,750.40** |
| **Total liabilities** | | **255,510.12** | **456,075.61** | **448,594.57** |
| **TOTAL EQUITY AND LIABILITIES** | | **223,962.62** | **216,715.55** | **2’61,777.33** |

As per our report of even date attached

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

**NIKHIL M. SHEVADE**
Partner
Membership No. 217379

PUNE : April 14, 2017

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 & Other Comprehensive Income for the Year Ended 31 March 2017

(Amounts in Indian ₹ Thousand)

| Particulars | Note No. | For The Year Ended 31st March 2017 | For The Year Ended 31st March 2016 |
|---|---|---|---|
| Revenue from Operations | 16 | 359,805.76 | 441,244.93 |
| Other Income | 17 | 3,391.64 | 5,271.53 |
| **Total Income** | | **363,197.40** | **446,516.46** |
| **Expenses** | | | |
| Cost of materials consumed | 18 | 138,405.09 | 184,594.28 |
| Purchases of Stock-in-Trade | | 1,021.02 | 154.72 |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | 18 | (5,721.20) | 3,855.47 |
| Employee benefits expense | 19 | 91,957.66 | 98,727.78 |
| Finance costs | 20 | 11,951.20 | 12,378.02 |
| Depreciation and amortization expense | 21 | 15,130.20 | 17,557.42 |
| Other expenses | 22 | 155,995.90 | 175,981.00 |
| **Total expenses** | | **408,739.86** | **493,248.68** |
| Profit/(loss) before exceptional items and tax | | (45,542.46) | (46,732.22) |
| Exceptional items | | | |
| **Profit / (loss) before tax** | | **(45,542.46)** | **(46,732.22)** |
| **Tax expenses** | | | |
| Current tax | | - | - |
| Deferred tax | | (2,710.37) | 5,920.95 |
| **Profit (Loss) for the period from continuing operations** | | **(42,832.08)** | **(52,653.17)** |
| Profit/(loss) from discontinued operations | | - | - |
| Tax expenses of discontinued operations | | - | - |
| Profit/(loss) from discontinued operations (after tax) | | 0.00 | 0.00 |
| **Profit/(loss) for the period** | | **(42,832.08)** | **(52,653.17)** |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to profit or loss | 23 | 932.91 | 159.70 |
| Income tax relating to items that will not be reclassified to profit or loss | 23 | (288.27) | (49.35) |
| 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)** | | **(42,187.44)** | **(52,542.82)** |
| **Earnings per equity share (for continuing operations)** | | | |
| (1) Basic in ₹ | | (0.39) | (3.10) |
| (2) Diluted in ₹ | | (0.39) | (3.10) |
| **Earnings per equity share (for discontinued operations)** | | | |
| (1) Basic | | - | - |
| (2) Diluted | | - | - |
| **Earnings per equity share (for discontinued and continuing operations)** | | | |
| (1) Basic in ₹ | | (0.39) | (3.10) |
| (2) Diluted in ₹ | | (0.39) | (3.10) |

| | |
|---|---|
| Summary of significant accounting policies | 2 |
| See accompanying notes to financial statements | 3 to 39 |

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

**NIKHIL M. SHEVADE**
Partner
Membership No. 217379

PUNE : April 14, 2017

**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 2017

**(Amounts in Indian ₹ Thousand)**

| Sr. No. | Particulars | For The Year 31 March 2017 | For The Year 31 March 2016 |
|---|---|---|---|
| A | **Cash flows from operating activities** | | |
| | Net profit before taxes and extraordinary items | (45,542.46) | (46,732.22) |
| | Adjustments for :- | | |
| | Depreciation | 15,130.20 | 17,557.42 |
| | Impairment of assets | - | 1,183.43 |
| | Debit balances written off | 295.93 | 4.19 |
| | Provision for diminution in value of investments | - | - |
| | Assets written off | - | - |
| | Interest income | (27.84) | (40.23) |
| | Interest expenses | 11,951.20 | 12,378.02 |
| | **Operating profits before working capital changes** | **(18,192.97)** | **(15,649.39)** |
| | Adjustments for :- | | |
| | (Increase)/decrease in trade receivable | (12,058.65) | 18,304.40 |
| | (Increase)/decrease in other financial assets | (14.22) | (33.08) |
| | (Increase)/decrease in other non-financial assets | 1,269.93 | 9,931.58 |
| | (Increase)/decrease in inventories | (5,792.21) | 14,024.27 |
| | Increase/(decrease) in trade payables | 16,429.13 | 11,974.74 |
| | Increase/(decrease) in other financial liabilities | 1,247.03 | (11,836.62) |
| | Increase/(decrease) in other non-financial liabilities | 20,604.73 | 1,104.48 |
| | Increase/(decrease) in Provisions | 4,773.17 | 1,431.00 |
| | **Cash generated from operations** | **8,265.94** | **29,251.39** |
| | Income tax paid | 59.69 | (204.30) |
| | **Net cash from operating activities** | **8,325.63** | **29,047.09** |
| B | **Cash flows from investing activities** | | |
| | Purchase of fixed assets | (4,563.08) | (14,859.30) |
| | Advance for purchase of fixed assets | - | - |
| | Consideration received for discontinued operation | - | - |
| | Proceeds from sale of other fixed assets | - | - |
| | Increase/(decrease) in fixed deposits | - | - |
| | Interest received | 27.84 | 40.23 |
| | **Net cash from investing activities** | **(4,535.24)** | **(14,819.08)** |
| C | **Cash flows from financing activities** | | |
| | Proceed from issuance of share capital | 2,50,000.00 | - |
| | Proceeds from issuance/ (Redemption) of preference shares | (2,50,000.00) | 1,00,000.00 |
| | Proceeds from Unsecured loan | - | (1,00,000.00) |
| | Repayment of long term borrowings | - | - |
| | Repayment/proceed of/from other borrowings (net) | 9,142.52 | (1,273.47) |
| | Interest paid | (11,951.20) | (12,378.02) |
| | Dividend and Dividend distribution tax | - | (1.14) |
| | **Net cash used in financing activities** | **(2,808.68)** | **(13,652.62)** |
| | Net increase in cash and cash equivalents | 981.71 | 575.39 |
| | Cash and cash equivalents at beginning of period (refer note -9 ) | 106.86 | 123.36 |
| | Cash and cash equivalents at the end of period (refer note - 9 ) | 1,088.57 | 698.75 |

As per our report of even date attached

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

**NIKHIL M. SHEVADE**
Partner
Membership No. 217379

PUNE : April 14, 2017

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 CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

**A. Equity Share Capital** **(Amounts in Indian ₹ Thousand)**

| Balance as on 1 April 2015 | Changes in equity share capital during the year | Balance as on 31 March 2016 |
|---|---|---|
| **17,000.00** | – | 17,000.00 |
| | | |
| **Balance as on 31 March 2016** | **Changes in equity share capital during the year** | **Balance as on 31 March 2017** |
| **17,000.00** | 250,000.00 | 267,000.00 |

**B. Other Equity**

| | Reserves and Surplus | | Total |
|---|---|---|---|
| | Securities Premium Reserve | Retained Earnings | |
| **Balance as on 1 April 2015** | **2,523.56** | **(206,342.36)** | **(203,818.80)** |
| Changes in accounting policy or prior period errors | - | - | - |
| **Restated balance at the beginning of the reporting period** | **2,523.56** | **(206,342.36)** | **(203,818.80)** |
| Total Comprehensive Income for the year | - | (52,542.82) | (52,542.82) |
| Dividends | - | - | - |
| Transfer to retained earnings | | | |
| Any other change | - | - | - |
| **Balance as on 31 March 2016** | **2,523.56** | **(258,885.18)** | **(256,361.62)** |
| **Balance as on 31 March 2016** | **2,523.56** | **(258,885.18)** | **(256,361.62)** |
| Changes in accounting policy or prior period errors | - | - | - |
| Restated balance at the beginning of the reporting period | - | - | - |
| Total Comprehensive Income for the year | - | (42,187.44) | (42,187.44) |
| Dividends | - | - | - |
| Transfer to retained earnings | - | - | - |
| Any other change | - | - | - |
| **Balance as on 31 March 2017** | **2,523.56** | **(301,072.61)** | **(298,549.06)** |

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

**NIKHIL M. SHEVADE**
Partner
Membership No. 217379

PUNE : April 14, 2017

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 3: Property, plant and equipment**

(Amounts in Indian ₹ Thousand)

| Particulars | Land Free hold | Tangible Assets | | | | | | | | | Intangible Assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Buildings | Electrical Installation | Plant & Equipment | Computer | Furniture & Fixtures | Office Equip-ments | Vehicles | Pattern & Dies | Total | Computer Softwares |
| Gross Block | | | | | | | | | | | |
| **As at 1 April 2015** | **11,797.61** | **32,926.66** | **607.99** | **1,25,307.68** | **2,916.48** | **351.64** | **2,840.13** | **2,188.82** | **0.00** | **178,937.00** | **3,730.94** |
| Additions | | 21.60 | | 52,858.72 | 376.90 | 104.67 | 80.12 | | 1,000.00 | 54,442.01 | 104.88 |
| Disposals | | | | | | | | | | - | |
| Impairment of asset | | | | 1,183.43 | | | | | | 1,183.43 | |
| **As at 31 March 2016** | **11,797.61** | **32,948.26** | **607.99** | **1,76,982.97** | **3,293.38** | **456.31** | **2,920.25** | **2,188.82** | **1,000.00** | **232,195.58** | **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** | **233,962.58** | **3,835.81** |
| Depreciation/ Amortisation | | | | | | | | | | | |
| As at 1 April 2015 | - | 13,542.30 | 518.72 | 73,389.38 | 2,373.44 | 336.50 | 2,579.84 | 1,173.96 | - | 93,914.13 | 3,261.38 |
| Charge for the year | - | 1,452.14 | 10.31 | 14,754.48 | 284.04 | 12.53 | 249.76 | 345.84 | 82.43 | 17,191.53 | 259.79 |
| Depreciation on disposal | | | | | | | | | | - | |
| **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** | **111,105.66** | **3,521.17** |
| 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** | **538.70** | **1,01,575.97** | **2,942.82** | **362.06** | **2,833.29** | **1,819.66** | **180.63** | **125,850.07** | **3,800.84** |
| **Net block** | | | | | | | | | | | |
| **At 31 March 2017** | **11,797.61** | **17,351.32** | **69.29** | **76,308.59** | **1,093.74** | **103.52** | **199.92** | **369.16** | **819.37** | **108,112.51** | **34.97** |
| **At 31 March 2016** | **11,797.61** | **17,953.82** | **78.96** | **88,839.10** | **635.91** | **107.28** | **90.64** | **669.02** | **917.57** | **121,089.92** | **314.65** |
| **At 1 April 2015** | **11,797.61** | **19,384.36** | **89.27** | **51,918.29** | **543.05** | **15.14** | **260.29** | **1,014.86** | **-** | **85,022.87** | **469.55** |

**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 12-2 a

2) **Impairment loss**
   No additional provision made for impairment loss during the year

3) **Contractual obligations**
   Refer note no 25 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 machinery constructed at factory premises

# NOTES TO ACCOUNTS (contd...)

**Notes 4 : Investment Property**

(Amounts in Indian ₹ Thousand)

| Particulars | Building |
|---|---|
| **Gross Block** | |
| As At 1 April 2015 | 2,780.29 |
| Additions | - |
| Disposals | - |
| As at 31 March 2016 | 2,780.29 |
| Additions | - |
| Disposals | - |
| **As at 31 March 2017** | **2,780.29** |
| **Depreciation and Impairment** | |
| As At 1 April 2015 | - |
| Charge for the year | 106.10 |
| Depreciation on disposals | - |
| As at 31 March 2016 | 106.10 |
| Charge for the year | 106.11 |
| Depreciation on disposals | - |
| **As at 31 March 2017** | **212.22** |
| **Net block** | |
| 31 March 2017 | 2,568.07 |
| 31 March 2016 | 2,674.18 |
| 01 April 2015 | 2,780.29 |

**Information regarding income and expenditure of investment property**

(Amounts in Indian ₹ Thousand)

| Particulars | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Rental Income derived from investment property | 217.30 | 445.00 |
| 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** | **217.30** | **445.00** |
| **Less - Depreciation** | **106.11** | **106.10** |
| **Profit arising from investment properties After depreciation and indirect expenses** | **111.19** | **338.90** |

The company obtains independent valuations for its investments properties at least annually. The best evidence of fair value is current prices in active market for similar properties. Where such information is not available, the company consider information from varity of sources including,

1. Current prices in active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
2. Discounted cash-flow projection based on reliable estimates of future cash-flows.
3. Capitalised income projections based upon a property's estimated net market income and capitalisation rate derived from an analysis of market evidence.

The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparble transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

## NOTES TO ACCOUNTS (contd...)

**(Amounts in Indian ₹ Thousand)**

| | |
|---|---|
| **Opening balance as at 1 April 2015** | **2,802.62** |
| Fair value difference | - |
| Purchases | - |
| **Closing Balance as at 1 April 2016** | **2,802.62** |
| Fair value difference | |
| Purchases/transfer from PPE | |
| **Closing balance as at 31 March 2017** | **2,802.62** |

**Notes 5 : Financial Assets** **(Amounts in Indian ₹ Thousand)**

| | Particulars | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|---|
| 1. | **Current Trade receivable** | | | |
| | **From related parties** | 6,909.90 | 7,322.41 | 21,023.14 |
| | **From others** | 21,552.56 | 9,377.33 | 13,985.19 |
| | **Total** | **28,462.46** | **16,699.74** | **35,008.33** |
| | Unsecured, considered good | 28,462.46 | 16,699.74 | 35,008.33 |
| | Doubtful | - | 301.39 | 301.39 |
| | | 28,462.46 | 17,001.13 | 35,309.72 |
| Less : Provision for doubtful receivables | | - | 301.39 | 301.39 |
| | | **28,462.46** | **16,699.74** | **35,008.33** |
| | **Current trade receivable (considered good)** | 28,462.46 | 16,699.74 | 35,008.33 |
| 2. | **Loans (Current)** | | | |
| (i) | Deposits | 113.28 | 101.27 | 101.27 |
| | **Total Loans (Current)** | **113.28** | **101.27** | **101.27** |
| (ii) | **Other financial asset** | | | |
| | Employee advance | 28.26 | 2.10 | 8.68 |
| | Insurance claim receivable | - | 31.80 | - |
| | Fixed deposits with bank having maturity of more than 12 months | 350.00 | 350.00 | 350.00 |
| | **Total other financial asset** | **378.26** | **383.90** | **358.68** |
| | **Non-Current** | 350.00 | 350.00 | 350.00 |
| | **Current** | 28.26 | 33.90 | 8.68 |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables including Related Parties are non-interest bearing and are generally on terms of 30 to 90 days.

# NOTES TO ACCOUNTS (contd...)

**Note 6 : Deferred tax** **(Amounts in Indian ₹ Thousand)**

**The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are :**

**Profit or loss**

| **Particulars** | **2016-17** | **2015-16** |
|---|---|---|
| **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 | (2,710.37) | 5,920.95 |
| **Income tax expense reported in the statement of profit or loss** | **(2,710.37)** | **5,920.95** |

**Other Comprehensive Income**

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

| **Particulars** | **2016-17** | **2015-16** |
|---|---|---|
| Net (loss)/gain on remeasurements | (288.27) | (49.35) |
| **Income tax charged to OCI** | **(288.27)** | **(49.35)** |

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2016**

| **Particulars** | **2016-17** | **2015-16** |
|---|---|---|
| Accounting profit before tax | (45,542.46) | (46,732.22) |
| **At statutory income tax rate of 30.9% (a)** | **(14,072.62)** | **(14,440.26)** |
| **Adjustments** | | |
| **Add: Exempt income** | | |
| Dividend | | |
| **Subtotal (b)** | **-** | **-** |
| **Add: Accelerated deduction** | | |
| Research and development expenses | | |
| 80 IA | | |
| **Subtotal (c)** | **-** | **-** |
| **Less : Non deductible expenses** | | |
| Expenses disallowed u/s 14A | | |
| Penalties and fines | 998.03 | 914.15 |
| Provision for Advances | | |
| Provision for Deposits | | |
| Advance written off | | |
| Wealth Tax debited to P&L | | |
| Interest on Tax Deducted at Source | | |
| Donation | | |
| **Subtotal (d)** | **998.03** | **914.15** |
| **Sub total (e) = (b+c - d)** | **(998.03)** | **(914.15)** |

## NOTES TO ACCOUNTS (contd...)

**Note 6 : Deferred tax ... contd..** **(Amounts in Indian ₹ Thousand)**

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Tax impact of above adjustments | (308.39) | (282.47) |
| MAT credit assets - not recorded | | |
| Rate difference on opening DTA/ DTL | | |
| C/F Loss on which deferred tax is not recognised | (11,741.87) | (20,427.97) |
| Other items | 399.74 | 299.89 |
| DTL Fair valuation of preference shares | | |
| Share based payment | | |
| **Total (f)** | **(11,650.51)** | **(20,410.55)** |
| **Tax expenses at effective rate (a-f)** | **(2,422.10)** | **5,970.30** |
| **Tax expenses recored in books** | **(2,422.10)** | **5,970.30** |

**Deferred tax**

| Deferred tax relates to the following: DTL/ (DTA) | Balance Sheet | | | Statement of profit and loss/ Other comprehensive income | |
|---|---|---|---|---|---|
| | 31 March, 2017 | 31 March, 2016 | 01 April, 2015 | 2016-17 | 2015-16 |
| Property, plant and equipment (Depreciation) | 11,793.98 | 13,623.13 | 6,788.36 | (1,829.16) | 6,834.77 |
| Bonus | (1,083.08) | (1,473.53) | (787.93) | 390.45 | (685.60) |
| Leave encashment | (3,767.03) | (3,097.60) | (2,736.77) | (669.43) | (360.83) |
| Gratuity | (10,949.48) | (10,501.97) | (10,721.98) | (447.51) | 220.01 |
| Expenses disallowed | (82.08) | (72.09) | (34.03) | (9.99) | (38.06) |
| Provision for doubtful debts | – | (143.53) | (143.53) | 143.53 | - |
| **Deferred tax expense/(income)** | **–** | **–** | **–** | **(2,422.11)** | **5,970.30** |
| **Net deferred tax assets/(liabilities)** | **(4,005.61)** | **(1,665.59)** | **(7,635.89)** | **–** | **–** |

**Reflected in balance sheet as**

**1. Deferred tax**

| Particulars | 31 March, 2017 | 31 March, 2016 | 01 April, 2015 |
|---|---|---|---|
| Deferred tax asset | 15,881.67 | (15,288.72) | (14,424.25) |
| Deferred tax liability | (11,793.98) | 13,623.14 | 6,788.36 |
| **Net Deferred tax asset** | **27,675.65** | **(1,665.59)** | **(7,635.89)** |

**2. Current tax**

| Particulars | 31 March, 2017 | 31 March, 2016 | 01 April, 2015 |
|---|---|---|---|
| Current tax asset | 325.63 | 385.32 | 181.02 |

# NOTES TO ACCOUNTS (contd...)

**Note 7 : Other Non-Financial assets** **(Amounts in Indian ₹ Thousand)**

| | Particulars | 31 March, 2017 | 31 March, 2016 | 01 April, 2015 |
|---|---|---|---|---|
| 1 | **Capital advances (non-current)** | | | |
| | Unsecured, considered good | – | 1,725.25 | 7,916.06 |
| 2 | **Other loans and advances** | | | |
| (i) | **Advances to supplier and others (Current)** | | | |
| | Unsecured, considered good | 717.02 | 753.11 | 204.51 |
| | Doubtful | 163.12 | 163.12 | 163.12 |
| | | 880.14 | 916.23 | 367.63 |
| | Less : Provision for doubtful advances | 163.12 | 163.12 | 163.12 |
| | | **717.02** | **753.11** | **204.51** |
| (ii) | **Prepaid expenses (Current)** | 1,840.90 | 2,085.32 | 2,121.81 |
| (iii) | **Claims receivable (current)** | | | |
| | Sales tax receivable | 2,133.02 | 1,859.99 | 3,947.55 |
| | Deposits and receivables from Excise, Service Tax | 2,537.15 | 3,799.60 | 4,239.67 |
| | | 4,670.17 | 5,659.58 | 8,187.22 |
| | **Total** | **7,228.09** | **10,223.26** | **18,429.59** |
| | **Total non current non-financial assets** | **–** | **1,725.25** | **7,916.06** |
| | **Total current non-financial assets** | **7,228.09** | **8,498.01** | **10,513.53** |

## NOTES TO ACCOUNTS (contd...)

**Note 8 : Inventories** **(Amounts in Indian ₹ Thousand)**

| | Particulars | 31 March, 2017 | 31 March, 2016 | 01 April, 2015 |
|---|---|---|---|---|
| (i) | Raw Materials | 8,187.40 | 9,413.01 | 16,184.22 |
| (ii) | Work in progress - Castings | 28,013.76 | 22,807.00 | 21,800.09 |
| (iii) | Finished goods - Castings | 1,894.56 | 1,737.63 | 6,624.51 |
| (iv) | Stock in trade | 414.00 | 56.50 | 32.00 |
| (v) | Stores and spares<br>(Refer note 2.5 of notes to Accounts) | 15,793.60 | 14,496.98 | 17,894.57 |
| | **Total** | **54,303.32** | **48,511.11** | **62,535.39** |

**Amounts recognised in profit or loss**

Write-down of inventories to net realisable value amounted to ₹ 11,26.08 thousands (31 March 2016: ₹ Nil, 31 March 2015: Nil). These were recognised as an expenses during the year and included in " Raw Maretials Consumption"

**Note 9 : Cash and Bank Balance** **(Amounts in Indian ₹ Thousand)**

| Particulars | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| a) Cash and cash Equivalents | | | |
| 1) Cash on hand | 21.92 | 43.09 | 68.40 |
| 2) Balances with bank - In current account | 1,066.66 | 63.78 | 54.96 |
| **Total Cash and cash Equivalents** | **1,088.57** | **106.86** | **123.36** |
| b) Earmarked balances with banks: Unpaid dividend account | 591.88 | 591.88 | 593.02 |
| c) Fixed deposits with bank having original maturity of more than 03 months but less than 12 months | 127.58 | 119.74 | 111.88 |
| **Other Bank balance** | **719.46** | **711.62** | **704.90** |
| **Total** | **1,808.03** | **818.48** | **828.27** |

Cash at banks earns interest at floating rates based on yearly bank deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 March 17

a) Cash on hand

b) Cheques on hand

c) Balances with Banks

# NOTES TO ACCOUNTS (contd...)

**Notes 10 : Share Capital** **(Amounts in Indian ₹ Thousand)**

| Particulars | 31 March, 2017 | 31 March, 2016 | 01 April, 2015 |
|---|---|---|---|
| **Authorised** | | | |
| 55,00,00,000 (31 March 2016: 50000000, 31 March 2015 : 150000000) Equity Shares of ₹ 1 /- each | 550,000.00 | 50,000.00 | 150,000.00 |
| **Issued, subscribed & fully paid up** | | | |
| 267000000 (31 March 2016 : 17000000, 31 March 2015 : 17000000 Equity Shares of ₹ 1/- each | 267,000.00 | 17,000.00 | 17,000.00 |
| Forfeited shares | 1.56 | 1.56 | 1.56 |
| | **267,001.56** | **17,001.56** | **17,001.56** |

**a) Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Re.1/- per share. Each holder of equity shares is entitled to one vote per share 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 the liquidation of company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b) Reconciliation of share capital**

| Particulars | 31 March, 2017 | | 31 March, 2016 | | 01 April, 2015 | |
|---|---|---|---|---|---|---|
| | Number | (₹) | Number | (₹) | Number | (₹) |
| Shares outstanding at the beginning of the year | 17,000,000 | 17,000,000 | 17,000,000 | 17,000,000 | 17,000,000 | 17,000,000 |
| Add: Issued during the year | 250,000,000 | 250,000,000 | - | - | - | - |
| Shares outstanding at the end of the year | 267,000,000 | 267,000,000 | 17,000,000 | 17,000,000 | 17,000,000 | 17,000,000 |

**c) Details of shareholder holding more than 5% shares**

| Particulars | 31 March, 2017 | | 31 March, 2016 | | 01 April, 2015 | |
|---|---|---|---|---|---|---|
| | No. of Shares | % of Holding | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Kirloskar Brothers Limited | 266,314,315 | 99.74 | 16,314,315 | 95.97 | 16,314,315 | 95.97 |

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...)

**Note 11 : Reserves and surplus** **(Amounts in Indian ₹ Thousand)**

| Particulars | 31 March, 2017 | 31 March, 2016 | 01 April, 2015 |
|---|---|---|---|
| **1) Securities premium** | 2,523.56 | 2,523.56 | 2,523.56 |
| **1) General reserves** | | | |
| Opening balance | 7,827.80 | 7,827.80 | 12,729.57 |
| Less : Transitional adjustment of Depreciation as per Schedule II (Net of Tax) | - | - | 4,901.77 |
| Add : Transfer from any surplus | - | - | - |
| | 7,827.80 | 7,827.80 | 7,827.80 |
| **2) Surplus** | | | |
| Opening balance | (266,712.97) | (214,170.16) | (120,066.13) |
| Add : Net Profit for the current year | (42,187.44) | (52,542.82) | (94,104.03) |
| Ind AS adjustments other than dividend | - | - | - |
| Balance available for appropriation | (308,900.41) | (266,712.97) | (214,170.16) |
| Less : Appropriations : | | | |
| Dividend | - | - | - |
| Tax on Dividend | - | - | - |
| Transfer to Reserves | - | - | - |
| **Sub total** | **-** | **-** | **-** |
| Closing balance | (308,900.41) | (266,712.97) | (214,170.16) |
| | **(298,549.06)** | **(256,361.62)** | **(203,818.80)** |

# NOTES TO ACCOUNTS (contd...)

**Notes 12 : Financial Liabilities - Borrowings**

**(Amounts in Indian ₹ Thousand)**

| Particulars | EIR (P.A) | Maturity | 31 March, 2017 | 31 March, 2016 | 01 April, 2015 |
|---|---|---|---|---|---|
| **1. Non-current borrowings** | | | | | |
| Preference shares * | 9.17% | 4 (maximum 7) years from the original date of allotment i.e. 14/10/14 and 14/07/15 | – | 250,000.00 | 150,000.00 |
| | | | **0.00** | **250,000.00** | **150,000.00** |
| **2. Current borrowings** | | | | | |
| **(a) Secured** | | | | | |
| **Loans repayable on demand from bank** | | | | | |
| (i) Working Capital loan repayable on demand | BBR+ 200 bps | On Demand | 44,225.79 | 35,083.27 | 36,949.76 |
| (secured against hypothecation of stock & receivables and mortgage of plant & machinery) | | | | | |
| **(b) Unsecured** | | | | | |
| (i) Intercorporate deposits | 0-10% | On Demand | 13,214.02 | 13,214.02 | 113,214.02 |
| | **–** | **–** | **57,439.81** | **48,297.29** | **150,163.78** |

* In order to straighten the financial stability and to have perpetual form of capital, the Company had decided to redeem the preference share before maturity by issuing equity shares

## NOTES TO ACCOUNTS (contd...)

**Note 13 : Financial liabilities** **(Amounts in Indian ₹ Thousand)**

| Particulars | 31 March, 2017 | 31 March, 2016 | 01 April, 2015 |
|---|---|---|---|
| 1) Current Trade payable | | | |
| **To related parties** | - | - | 220.27 |
| **To others** | 95,720.87 | 79,291.75 | 67,096.74 |
| **Total** | **95,720.87** | **79,291.75** | **67,317.01** |
| Total outstanding dues of creditors other than MSME | 86,702.23 | 71,601.61 | 64,455.30 |
| Micro, small and medium enterprises | 9,018.64 | 7,690.14 | 2,861.71 |
| | **95,720.87** | **79,291.75** | **67,317.01** |
| **2) Other current financial liabilities** | | | |
| (i) Salary and reimbursement | 9,181.09 | 10,621.67 | 10,015.94 |
| (ii) Payables on account of purchases of fixed assets | 648.09 | 116.57 | 6,782.33 |
| (iii) Creditors for expenses | 5,550.36 | 3,364.40 | 9,139.45 |
| (iv) Unclaimed dividend | 591.88 | 591.88 | 593.02 |
| (v) Security deposit | 11.31 | 41.18 | 42.71 |
| **Total other current financial liabilities** | **15,982.73** | **14,735.70** | **26,573.46** |

**Terms and conditions of the above financial liabilities :**

1) Trade payables are non-interest bearing and are normally settled on 30 to 90 day terms.
2) Other payables are non-interest bearing and have an average term of six months.
3) For explanations on the Company's credit risk management processes, refer to Note 32.

**Note 14 : Provisions** **(Amounts in Indian ₹ Thousand)**

| Particulars | 31 March, 2017 | 31 March, 2016 | 01 April, 2015 |
|---|---|---|---|
| **1) Provision for employee benefits** | | | |
| (i) Leave encashment (Refer Note 30) | 12,191.04 | 10,024.59 | 8,353.27 |
| (ii) Gratuity | 35,435.21 | 33,986.96 | 34,698.97 |
| **Total provision for employee benfits** | **47,626.25** | **44,011.54** | **43,052.24** |
| **Non-current provision for employee benefits** | 35,449.96 | 32,987.28 | 32,055.81 |
| **Current provision for employee benefits** | 12,176.29 | 11,024.26 | 10,996.43 |
| **2) Others (Refer Note 30)** | | | |
| (i) Provision for warranty | 1,530.55 | 1,305.00 | 993.00 |
| **Total** | **1,530.55** | **1,305.00** | **993.00** |
| **Non current other provision** | - | - | - |
| **Current other provision** | 1,530.55 | 1,305.00 | 993.00 |
| | **49,156.80** | **45,316.54** | **44,045.24** |
| **Non-current provision** | 35,449.96 | 32,987.28 | 32,055.81 |
| **Current provision** | 13,706.85 | 12,329.26 | 11,989.43 |

## NOTES TO ACCOUNTS (contd...)

**Note 15 : Other non financial liabilities** **(Amounts in Indian ₹ Thousand)**

| Particulars | 31 March, 2017 | 31 March, 2016 | 01 April, 2015 |
|---|---|---|---|
| 1) Statutory dues (PF and TDS) | 1,745.45 | 2,354.84 | 650.97 |
| 2) Advances from customer | 23,294.57 | 2,170.35 | 1,981.53 |
| 3) Contribution to other funds | 375.91 | 286.01 | 1,074.23 |
| | **25,415.93** | **4,811.20** | **3,706.73** |

**Note 16 : Revenue from operation** **(Amounts in Indian ₹ Thousand)**

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **Sale of product** | | |
| Castings | 346,935.67 | 425,280.74 |
| **Sale of services** | 10,246.34 | 4,985.39 |
| **Other operating revenue** | 2,623.75 | 10,978.80 |
| | **359,805.76** | **441,244.93** |

**Note 17 : Other Income** **(Amounts in Indian ₹ Thousand)**

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **(a) Interest Income** | | |
| (i) From bank | 27.84 | 40.23 |
| (ii) From others | 8.95 | 71.97 |
| | 36.78 | 112.20 |
| **(b) Other non-operating income** | | |
| (i) Weighing scale receipts | 1,491.72 | 1,959.78 |
| (ii) Disposal of stores material | 171.05 | 349.78 |
| (iii) Hall booking receipt | 217.30 | 445.00 |
| (iv) Miscellaneous receipt | 245.26 | 551.44 |
| (v) Sundry credit balances written back | 0.00 | 0.17 |
| (vi) Excess provision written back | 1,221.39 | 1,853.17 |
| (vii) Exchange Diff. Gain / Loss | 8.14 | 0.00 |
| | 3,354.86 | 5,159.33 |
| | **3,391.64** | **5,271.53** |

## NOTES TO ACCOUNTS (contd...)

**Note 18 : Cost of material consumed** (Amounts in Indian ₹ Thousand)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Raw material consumed | 138,405.09 | 184,594.28 |
| **Total Cost of Raw materials and Components Consumed** | **138,405.09** | **184,594.28** |
| **Changes in inventories of finished goods, work-in-progress and stock-in-trade** | | |
| **Opening Stock** | | |
| Finished goods | 1,737.63 | 6,624.51 |
| Work-in- progress | 22,807.00 | 21,800.09 |
| Stock in trade | 56.50 | 32.00 |
| | 24,601.13 | 28,456.60 |
| **Closing 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 |
| **Changes in inventories of finished goods, Stock-in -Trade and work-in-progress** | **(5,721.20)** | **3,855.47** |

**Note 19 : Employee benefits expense** (Amounts in Indian ₹ Thousand)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Salaries, wages and bonus | 79,989.51 | 84,717.79 |
| Contribution to provident fund and other fund | 5,567.71 | 5,745.76 |
| Gratuity | 2,204.61 | 2,318.55 |
| Welfare expenses | 4,195.83 | 5,945.68 |
| | **91,957.66** | **98,727.78** |

# NOTES TO ACCOUNTS (contd...)

**Note 20: Finance cost** **(Amounts in Indian ₹ Thousand)**

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| (a) Interest expense | | |
| Bank | 7,682.35 | 3,263.78 |
| Inter-Corporate deposit | - | 6,441.10 |
| (b) Other borrowing cost | 1,710.75 | 175.97 |
| (c) Net interest expenses on defined benefit obligation | 2,558.10 | 2,497.17 |
| | **11,951.20** | **12,378.02** |

**Note 21 : Depreciation and amortisation** **(Amounts in Indian ₹ Thousand)**

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Depreciation on tangible assets | 14,744.41 | 17,191.53 |
| Depreciation on intangible assets | 279.68 | 259.79 |
| Depreciation on investment property | 106.11 | 106.10 |
| | **15,130.20** | **17,557.42** |

**Note 22 : Other expenses** **(Amounts in Indian ₹ Thousand)**

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Stores & spares consumed | 12,936.27 | 14,355.96 |
| Processing charges | 20,369.49 | 19,280.69 |
| Power & fuel | 57,297.80 | 61,361.62 |
| Repairs and maintenance | | |
| (i) Plant and machinery | 3,342.53 | 5,583.56 |
| (ii) Buildings | 333.94 | 816.83 |
| (iii) Other | 179.92 | 155.39 |
| Rent | 624.49 | 840.00 |
| Rates and taxes | 2,831.01 | 4,091.92 |
| Travel and conveyance | 602.05 | 1,162.57 |
| Insurance | 821.63 | 557.71 |
| Selling expenses | 736.77 | 478.66 |
| Inward transportation | 4.89 | 71.08 |
| Provision for product warranty | 1,530.55 | 1,305.00 |
| Bad debts, advances and claims written off | 295.93 | 4.19 |
| Payment to auditors - Refer note 26 | 711.35 | 726.43 |
| Legal expenses & consulting fees | 1,453.28 | 4,101.93 |
| Watch and Ward expenses | 3,478.71 | 3,036.98 |
| Commission on sales | 248.43 | 39.59 |
| Impairment loss - Machineries | - | 1,183.43 |
| Other miscellaneous expenses | 6,325.27 | 4,282.83 |
| Excise duty | 41,871.59 | 52,544.63 |
| | **155,995.90** | **175,981.00** |

## NOTES TO ACCOUNTS (contd...)

**Note 23 : Other Comprehensive Income** **(Amounts in Indian ₹ Thousand)**

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Remeasurements gains and losses on post employments benefits | 932.91 | 159.70 |
| Tax on remeasurements gains and losses | (288.27) | (49.35) |
| | **644.64** | **110.35** |

**Note 24 : Contingent liabilities** **(Amounts in Indian ₹ Thousand)**

| Particulars | 2016-17 | 2015-16 | 2014-15 |
|---|---|---|---|
| **(a) Claims against the company not acknowledged as debt** | | | |
| i) Disputed excise duty dues (Matter Subjudice) | 1,092.47 | 1,092.47 | 1,092.47 |
| (Against these demands, an amount of ₹ 542.21 thousand (Previous year ₹ 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 | 1,250.00 | 1,200.00 | - |
| Seven labour cases pending in district court of Kolhapur | | | |
| Disputed Sales Tax Dues | 1,121.16 | 1,121.16 | - |
| Sales tax demand by department for the year 2009-10 and appeal filed with ACIT | | | |
| | **3,463.63** | **3,413.63** | **1,092.47** |

**Note 25 : Commitments** **(Amounts in Indian ₹ Thousand)**

| Particulars | 2016-17 | 2015-16 | 2014-15 |
|---|---|---|---|
| i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) | 256.56 | 14,006.99 | 1,352.36 |

# NOTES TO ACCOUNTS (contd...)

**Note 26 : Remuneration to Auditors** **(Amounts in Indian ₹ Thousand)**

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| **Statutory Auditors :** | | |
| a) Audit Fees | 550.00 | 550.00 |
| b) Tax Audit Fees | 150.00 | 150.00 |
| c) Other services ; | - | 5.00 |
| d) Expenses reimbursed | 11.35 | 21.43 |
| **Sub total** | **711.35** | **726.43** |

**Note 27 : Earning per Share ( Basic and diluted )** **(Amounts in Indian ₹ Thousand)**

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| **I - Basic** | | |
| a) Profit for the year before tax | (45,542.46) | (46,732.22) |
| Less : Attributable Tax thereto | (2,133.83) | 5,920.95 |
| Profit after Tax | (43,408.62) | (52,653.17) |
| b) Weighted average number of equity shares used as denominator | 1,102,00,000 | 170,00,000 |
| c) Basic earning per share of nominal value of Re. 1/- each in ₹ | (0.39) | (3.10) |
| **II - Diluted** | | |
| a) Profit for the year before tax | (45,542.46) | (46,732.22) |
| Less : Attributable Tax thereto | (2,133.83) | 5,920.95 |
| | (43,408.62) | (52,653.17) |
| b) Weighted average number of equity shares | 1,102,00,000 | 170,00,000 |
| Add : Weighted average number of potential equity shares on account of employee | | |
| c) Employee stock options | - | - |
| d) Weighted average number of shares outstanding used as denominator | 1,102,00,000 | 170,00,000 |
| e) Diluted earning per share of nominal value of Re. 1/- each in ₹ | (0.39) | (3.10) |

## NOTES TO ACCOUNTS (contd...)

**Note 28 Employee Benefits :**

i **Defined Contribution Plans:**

Amount of ₹ 5,182.28 thousand (₹ 5,362.55 thousand) is recognised as an expense and included in "Employees benefits expense.” (Note-19) in the Profit and Loss Statement.

ii **Defined Benefit Plans:**

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

**(Amount in Indian ₹ Thousand)**

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| | Gratutity Plan | Gratutity Plan |
| | (Non Funded) | (Non Funded) |
| **A. Amount to be recognised in Balance Sheet** | | |
| Present Value of Defined Benefit Obligation | 35,435.21 | 33,986.96 |
| Less: Fair Value of Plan Assets | - | - |
| Amount to be recognised as liability or (asset) | **35,435.21** | **33,986.96** |
| **B. Amounts reflected in the Balance Sheet** | | |
| Liabilities | 35,435.21 | 33,986.96 |
| Assets | - | - |
| Net Liability/(Assets) | **35,435.21** | **33,986.96** |

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

| | Particulars | 2016-17 | 2015-16 |
|---|---|---|---|
| | | Gratutity Plan | Gratutity Plan |
| | | (Non Funded) | (Non Funded) |
| 1 | Current Service Cost | 2,204.61 | 2,318.55 |
| 2 | Acquisition (gain)/ loss | - | - |
| 3 | Past Service Cost | - | - |
| 4 | Net Interest (income)/expenses | 2,558.10 | 2,497.17 |
| 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 -19) | **4,762.71** | **4,815.72** |

# NOTES TO ACCOUNTS (contd...)

**Note 28 : Employee Benefits : (contd...)**

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

**(Amount in Indian ₹ Thousand)**

| | Particulars | 2016-17 Gratutity Plan (Non Funded) | 2015-16 Gratutity Plan (Non Funded) |
|---|---|---|---|
| 1 | Opening amount recognised in OCI outside profit and loss account | - | - |
| 2 | Remeasurements for the year - Obligation (Gain)/loss | (932.91) | (159.70) |
| 3 | Remeasurement for the year - Plan assets (Gain) / Loss | - | - |
| 4 | Total Remeasurements Cost / (Credit ) for the year recognised in OCI | (932.91) | (159.70) |
| 5 | Less: Accumulated balances transferred to retained earnings | (932.91) | (159.70) |
| | Closing balances (remeasurement (gain)/loss recognised OCI | - | - |

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

**(Amount in Indian ₹ Thousand)**

| | Particulars | As at 31 March 2017 Gratutity Plan (Non Funded) | As at 31 March 2016 Gratutity Plan (Non Funded) |
|---|---|---|---|
| 1 | Balance of the present value of obligation as at beginning of the period | 33,986.97 | 34,698.97 |
| 2 | Acquisition adjustment | - | - |
| 3 | Transfer in/ (out) | - | - |
| 4 | Interest expenses | 2,558.10 | 2,497.17 |
| 5 | Past Service Cost | - | - |
| 6 | Current Service Cost | 2,204.61 | 2,318.55 |
| 7 | Curtailment Cost / (credit) | - | - |
| 8 | Settlement Cost/ (credit) | - | - |
| 9 | Benefits paid | (2,381.54) | (5,368.04) |
| 10 | Remeasurements on obligation - (Gain) / Loss | (932.91) | (159.70) |
| | Present value of obligation as at the end of the period | **35,435.22** | **33,986.96** |

## NOTES TO ACCOUNTS (contd...)

**Note 28 : Employee Benefits : (contd...)**

**e) Net interest (Income) /expenses:**

**(Amount in Indian ₹ Thousand)**

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| | **Gratuity Plan** | **Gratuity Plan** |
| | **(Non Funded)** | **(Non Funded)** |
| 1 Interest ( Income) / Expense – Obligation | 2,558.10 | 2,497.17 |
| 2 Interest (Income) / Expense – Plan assets | - | - |
| 3 Net Interest (Income) / Expense for the year | 2,558.10 | 2,497.17 |

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

1. Discount rate as at 31-03-2017 - 7.30%
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 :**

**(Amount in Indian ₹ Thousand)**

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| | **Gratuity Plan** | **Gratuity Plan** |
| | **(Non Funded)** | **(Non Funded)** |
| Defined Benefit Obligation | 35,435.22 | 33,986.96 |
| Plan Assets | - | - |
| Surplus/(Deficit) | (35,435.22) | (33,986.96) |

**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.

## NOTES TO ACCOUNTS (contd...)

**Note 28 : Employee Benefits : (contd...)** **(Amounts in Indian ₹ Thousand)**

**i) Sensitivity analysis**

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

| Change in assumption | Effect on gratuity obligation | |
|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 |
| **1 Discount rate** | | |
| Increase by 1% to 8.3% | 33,248.23 | 31,889.36 |
| Decrease by 1% to 6.3% | 37,902.49 | 36,353.40 |
| **2 Salary increase rate** | | |
| Increase by 1% to 11.0% | 37,398.04 | 35,869.57 |
| Decrease by 1% to 9.0% | 33,600.67 | 32,227.39 |
| **3 Withdrawal rate** | | |
| Increase by 1% to 7.0% | 35,138.19 | 33,702.07 |
| Decrease by 1% to 5.0% | 35,762.24 | 34,300.62 |

**Note 29 : 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 | Relationship |
|---|---|---|
| 1 | Kirloskar Brothers Limited | Holding Company |
| 2 | Karad Project & Motors Limited | Fellow Subsidiary |
| 3 | Kirloskar Ebara Pumps Limited | Joint Venture |
| 4 | Ravindra Samant | Managing Director |
| 5 | Achyut Gokhale | Independent Director |
| 6 | K.Taranath | Independent Director |

## NOTES TO ACCOUNTS (contd...)

(B) Disclosure of related parties transactions (Amount in Indian ₹ Thousand)

| Sr No | Nature of transaction/relationship/major parties | 2016-17 Amount | 2016-17 Amount for Major parties * | 2015-16 Amount | 2015-16 Amount for Major parties * |
|---|---|---|---|---|---|
| 1 | **Purchase of goods & services** | **6,441.58** | | **22,590.18** | |
| | Holding company - Kirloskar Brothers Limited capital goods | | 17.53 | | 22,466.76 |
| | Holding company - Kirloskar Brothers Limited others | | 3,057.49 | | - |
| | Fellow subsidiary - Karad Projects and Motors Ltd. | | 95.16 | | 123.42 |
| | Holding company - Kirloskar Brothers Limited Services | | 3,271.40 | | - |
| 2 | **Sale of goods/contract revenue & services** | **265,693.42** | | **336,237.93** | |
| | Holding company - Kirloskar Brothers Limited - Goods | | 187,992.87 | | 294,802.67 |
| | Holding company - Kirloskar Brothers Limited - Services | | 1,035.55 | | |
| | Joint Venture of Holding Company- Kirloskar Ebara Pumps Limited | | 76,567.83 | | 41,435.25 |
| | Joint Venture of Holding Company- Kirloskar Ebara Pumps Limited Servises | | 97.18 | | |
| 3 | **Rendering Services** | **435.80** | | **788.37** | |
| | Holding company - Kirloskar Brothers Limited - Insurance charges | | 46.76 | | 788.37 |
| | Holding company - Kirloskar Brothers Limited Interest | | 389.04 | | |
| 4 | **Reimbursement of expenses** | **263.07** | | **1,431.69** | |
| | Holding company - Kirloskar Brothers Limited | | 263.07 | | 1,431.69 |
| 5 | **Remuneration Paid** | **162.50** | | **37.50** | |
| | **Key Management Personnel** | | | | |
| | Directors Sitting fees | | | | |
| | Mr. Achyut Gokhale | | 75.00 | | 7.50 |
| | Mr. K.Taranath | | 87.50 | | 30.00 |

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

## NOTES TO ACCOUNTS (contd...)

**( C ) Amount due to/from related parties**

**(Amount in Indian ₹ Thousand)**

| Sr No | Nature of transaction/relationship | 31 March 2017 | | 31 March 2016 | | 01 April 2015 | |
|---|---|---|---|---|---|---|---|
| | | Amount | Amount for Major parties * | Amount | Amount for Major parties * | Amount | Amount for Major parties * |
| 1 | **Interest Free Unsecured Loan payable** | | | | | | |
| | Holding company | 13,214.02 | 13,214.02 | 13,214.02 | 13,214.02 | 13,214.02 | 13,214.02 |
| | Fellow subsidiary | | | | | | |
| 2 | **Trade receivable** | | | | | | |
| | Holding company | 0.00 | 0.00 | 7,322.41 | 7,322.41 | 21,023.14 | 21,023.14 |
| | Joint Venture | 6,909.90 | 6,909.90 | 1,394.31 | 1,394.31 | | |
| 3 | **Advance Received** | | | | | | |
| | Holding company | 19,101.44 | 19,101.44 | | | | |
| | Fellow Subsidary Company | | | | | 220.27 | 220.27 |

**Note 30 : Details of provisions and movements in each class of provisions.**

**(Amounts in Indian ₹ Thousand)**

| Particulars | Product Warranty | Compensated Absences |
|---|---|---|
| **Carrying amount as at 1 April 2015** | **993.00** | **8,353.27** |
| Add: Provision during the year 2015-16 | 1,305.00 | 3,129.62 |
| Add: Unwinding of discounts | - | - |
| Less: Amount utilised during the year 2015-16 | - | 1,458.30 |
| Less: Amount reversed during the year 2015-16 | (993.00) | - |
| **Carrying amount as at 31 March 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 | - | 1,000.61 |
| Less: Amount reversed during the year 2016-17 | (1,305.00) | - |
| **Carrying amount as at 31 March 2017** | **1,530.55** | **12,191.04** |

# NOTES TO ACCOUNTS (contd...)

**Note 31 : 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

**(Amount in Indian ₹ Thousand)**

| Sr No | Particulars | Carrying value | | | Fair Value | | |
|---|---|---|---|---|---|---|---|
| | | **31 March 2017** | **31 March 2016** | **1 April 2015** | **31 March 2017** | **31 March 2016** | **1 April 2015** |
| | **Financial Assets** | | | | | | |
| a) | **Carried at amortised cost** | | | | | | |
| | Trade receivable * | 28,462.46 | 16,699.74 | 35,008.33 | | | |
| | Security deposits | 113.28 | 101.27 | 101.27 | 113.28 | 101.27 | 101.27 |
| | Other financial assets | 378.26 | 383.90 | 358.68 | 378.26 | 383.90 | 358.68 |
| | Cash and cash equivalent * | 1,808.03 | 818.48 | 828.27 | | | |
| | | **30,762.04** | **18,003.39** | **36,296.55** | **491.54** | **485.17** | **459.95** |
| | **Financial Liabilities** | | | | | | |
| a) | **Carried at amortised cost** | | | | | | |
| | Non-current borrowings | 0.00 | 250,000.00 | 150,000.00 | 0.00 | 250,000.00 | 150,000.00 |
| | Current borrowings at fixed rate of interest | 57,439.81 | 48,297.29 | 1,50,163.78 | 57,439.81 | 48,297.29 | 150,163.78 |
| | Trade payable * | 95,720.87 | 79,291.75 | 67,317.01 | | | |
| | Other current financial liabilities | 15,982.73 | 14,735.70 | 26,573.46 | 15,982.73 | 14,735.70 | 26,573.46 |
| | | **169,143.42** | **392,324.74** | **3,94,054.24** | **73,422.54** | **313,032.99** | **326,737.24** |

* 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.

**Note 32 : 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.

# NOTES TO ACCOUNTS (contd...)

**Note 32 A : Financial risk management policy and objectives**

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 32 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 :

**(Amounts in Indian ₹ Thousand)**

| | Neither past due nor impaired | Past due but not impaired | | | Total |
|---|---|---|---|---|---|
| | | Less than 180 days | 181 to 365 days | above 366 days | |
| 31 March 2017 | 17,157.72 | 11,301.80 | 2.94 | - | 28,462.46 |
| 31 March 2016 | 6,540.03 | 10,011.71 | 95.86 | 52.14 | 16,699.74 |
| 1 April 2015 | 27,346.77 | 7,600.78 | 4.03 | 56.75 | 35,008.33 |

**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 rating, credit spreads 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 Indian ₹ Thousand)**

**Note 32 : Financial risk management policy and objectives (contd...)**

The table summerrises the maturity profile of company's financial liabilities based on contractual undiscounted payaments

| As of 31 March 2017 | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **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 | 51,432.69 | | 51,432.69 | | | 51,432.69 |
| Trade and other payable | 95,720.87 | | 87,428.54 | 7,251.11 | 1,041.22 | 95,720.87 |

| As of 31 March 2016 | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Carrying amount** | **On demand** | **Less than 180 days** | **181 to 365 days** | **above 366 days** | **Total** |
| Interest bearing borrowings | 35,083.27 | 35,083.27 | | | | 35,083.27 |
| Non Interest bearing borrowings | 13,214.02 | 13,214.02 | | | | 13,214.02 |
| Other liabilities | 47,722.98 | | 47,722.98 | | | 47,722.98 |
| Trade and other payable | 79,291.75 | | 78,844.34 | 325.26 | 122.16 | 79,291.75 |

| As of 31 March 2015 | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Carrying amount** | **On demand** | **Less than 180 days** | **181 to 365 days** | **above 366 days** | **Total** |
| Interest bearing borrowings | 36,949.76 | 36,949.76 | | | | 36,949.76 |
| Non Interest bearing borrowings | 113,214.02 | 113,214.02 | | | | 113,214.02 |
| Other liabilities | 58,629.27 | | 58,629.27 | | | 58,629.27 |
| Trade and other payable | 67,317.01 | | 67,249.90 | 67.10 | | 67,317.01 |

**The company has access to following undrawn facilities at the end of the reporting period**

**(Amounts in Indian ₹ Thousand)**

| | **31 March 2017** | **31 March 2016** | **1 April 2015** |
|---|---|---|---|
| Floating rate | | | |
| Expiring withing one year | 11.50% | 12.25% | 12.25% |
| Expiring beyond one year | – | – | – |

# NOTES TO ACCOUNTS (contd...)

**Note 32 : Financial risk management policy and objectives (contd...)**

**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 2017 and 31 March 2016. 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 2017.

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.

**Note 32 B: Impairment of financial assets: Expected credit loss**

**Provision for expected credit loss** **(Amounts in Indian ₹ Thousand)**

| 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...)

**As at 31 March 2017** **(Amounts in Indian ₹ Thousand)**

**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 |
| | | Employee advance | A | - | 0% | - | 28.26 |
| | | Fixed deposit | A | - | 0% | - | 350.00 |
| 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 | 17,157.72 | 11,301.80 | 2.94 | 0.00 | 28,462.46 |
| Expected loss rate | 0.00 | 0.00 | 0.00 | 0.00 | |
| Expected credit losses (Loss allowance provision | | | | | 0.00 |
| Carrying amount of trade receivable (Net of impairment) | 17,157.72 | 11,301.80 | 2.94 | 0.00 | 28,462.46 |

**As at 31 March 2016**

**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% | - | 101.27 |
| | | Employee advance | A | - | 0% | - | 2.10 |
| | | Insurance claim receivable | A | - | 0% | - | 31.80 |
| | | Fixed deposit | A | - | 0% | - | 350.00 |
| 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...)

**2) Expected credit loss for trade receivables under simplified approach** **(Amounts in Indian ₹ Thousand)**

| Particulars | Not due | Past due but not impaired | | | Total |
|---|---|---|---|---|---|
| | | Less than 180 days | 181 to 365 days | above 366 days | |
| Gross carrying amount | 6,540.03 | 10,011.71 | 95.86 | 353.52 | 17,001.13 |
| Expected loss rate | 0.00 | 0.00 | 0.00 | 0.00 | |
| Expected credit losses (Loss allowance provision) | | | | 301.39 | 301.39 |
| Carrying amount of trade receivable (Net of impairment) | 6,540.03 | 10,011.71 | 95.86 | 52.14 | 16,699.74 |

**As at 31 March 2015**

**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% | - | 101.27 |
| | | Employee advance | A | - | 0% | - | 8.68 |
| | | Fixed deposit | A | - | 0% | - | 350.00 |
| 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 | 27,346.77 | 7,600.78 | 4.03 | 358.14 | 35,309.72 |
| Expected loss rate | 0.00 | 0.00 | 0.00 | 0.00 | |
| Expected credit losses (Loss allowance provision) | | | | 301.39 | 301.39 |
| Carrying amount of trade receivable (Net of impairment) | 27,346.77 | 7,600.78 | 4.03 | 56.75 | 35,008.33 |

## NOTES TO ACCOUNTS (contd...)

**Reconciliation of loss provision (Amounts in Indian ₹ Thousand)**

| | Trade receivables |
|---|---|
| Loss allowance as at 1 April 2015 | 301.39 |
| Changes in loss allowance | |
| Loss allowance as at 31 April 2016 | 301.39 |
| Changes in loss allowance | (301.39) |
| Loss allowance as at 31 April 2017 | - |

**Note 33 : 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 2017 | 31 March 2016 |
|---|---|---|
| Loans and borrowings | 57,439.81 | 298,297.29 |
| Trade payables | 95,720.87 | 79,291.75 |
| Other financial liability | 15,982.73 | 14,735.70 |
| Less: Cash and cash equivalents | 1,808.03 | 818.48 |
| **Net debt** | **167,335.39** | **391,506.25** |
| **Equity** | **(31,547.50)** | **(239,360.06)** |
| **Capital and net debt** | **135,787.89** | **152,146.19** |
| Gearing ratio | 123% | 257% |

**Note 34 :**

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, 2017 are as under :

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Principal amount due and remaining unpaid | 9,018.64 | 7,690.14 |
| Interest due on above and unpaid interest | 1,933.44 | 935.41 |
| Interest paid | - | - |
| Payment made beyond appointment day | - | - |
| Interest due and payable for the period of delay | - | - |
| Interest accrued and remaining unpaid | 998.03 | 797.95 |
| Amount of further interest remaining due and payable in succeeding years | - | - |

**Note 35 :**

The Company had turned Sick Industrial Company due to negative net worth on basis of financials for the year ending 31st March 2014. The reasons for sickness were poor utilization of available resources, process obsolescence, quality issues and the resultant sales returns, poor cash generation and overdue creditors, unbalanced foundry infrastructure resulting in poor productivity and other controllable factors.

As committed by holding company, infusion of funds by way equity shares has been taken place during the year. As a result of planned revival activity initiated under "Project Parivartan- Foundry Upgradation" and effective control over internal

# NOTES TO ACCOUNTS (contd...)

**Note 35 : (Conted...)** **(Amounts in Indian ₹ Thousand)**

& external rejections etc. the company's net worth has turned positive during the Financial Year 2016-17. Hence the company is not a sick industrial company within the meaning of clause (o), sub section (1) of section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

Accordingly the company has communicated to Hon'ble BIFR vide letter dtd. 30th December, 2015 for disposal of the case registered under Sick Industrial Companies (Special Provisions) Act, 1985.

The Company has received Order from Hon'ble BIFR dated 08/08/2016 confirming that the Company does not remain Sick Industrial Company in term of clause (o), sub section (1) of section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

**Note 36 :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.

**Note 37 :Details of specified Bank Notes ( SBN) held and Transacted during the period from 8th November 2016 to 30th December 2017 as provided in table below:**

| Particulars | SBNs | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 33.50 | 3.36 | 36.86 |
| (+) Permitted receipts | 0.00 | 290.24 | 290.24 |
| (-) Permitted payments | 0.00 | 99.85 | 99.85 |
| (-) Amount deposited in Banks | 33.50 | 80.00 | 113.50 |
| Closing cash in hand as on 30.12.2016 | 0.00 | 113.75 | 113.75 |

**Note 38 :**

Previous Years figures are rearranged and regrouped wherever necessary

**39. First Time Adoption of Ind AS**

**Explanation of transition to Ind AS**

These are Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS) as notified under Companies' (Indian Accounting Standards) Rules, 2015. In preparing the financial statements for the year ended 31 March 2016 and balance sheet as at 1 April 2015 (Date of transition), the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP). This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements for the year ended 31 March 2016.

**Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional and mandatory exceptions applied in the transition from Indian GAAP to Ind AS

**Ind AS optional exemptions**

1. **Property, plant and equipment, intangible assets and investment properties**

   Ind AS 101 permits a first-time adaptor to elect to continue with carrying value for all its property, plan and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as the deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 and Investment Property covered by Ind AS 40.

   Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Indian GAAP carrying value.

# NOTES TO ACCOUNTS (contd...)

**Note 39 : First Time Adoption of Ind AS (Contd...)**

**2. Business Combination**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the date of transition or from the specific date prior to the date of transition. This provides relief from full retrospective application that would require restatement of all business combinations prior to the date of transition.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after the date of transition. Business combinations occurring prior to the date of transition have not been restated.

**3. Arrangement containing lease**

Appendix C to Ind-AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind-AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts / arrangements.

**Ind AS mandatory exceptions**

**1. Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to the Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required by Indian GAAP:

- Impairment of financial assets based on expected credit loss model
- Investment in equity instruments carried at FVTPL

**2. Derecognition of financial assets and liabilities**

Ind AS 101, requires first time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements of Ind AS 109, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities de-recognised as a result of past transaction was obtained at the time of initially accounting of transactions.

The group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from date of transition to Ind AS.

**3. Classification and measurement of financial asset**

Ind AS 101 requires an entity, an entity to assess classification and measurement of financial assets, on the basis of the facts and circumstances that exists at the transition date to Ind AS.

**Explanation of transition to Ind AS**

An explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out in the following tables and notes that accompany the tables. The reconciliations include -

- equity reconciliation as at 1 April 2015;
- equity reconciliation as at 31 March 2016;
- profit reconciliation for the year ended 31 March 2016; and
- cash flow reconciliation for the year ended 31 March 2016

In the reconciliations mentioned above, certain reclassifications have been made from Indian GAAP financial information to align with the Ind AS presentation.

# NOTES TO ACCOUNTS (contd...)

**Note 39 A : Reconciliations between Indian GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Indian GAAP to Ind AS

**Reconciliation of Equity**

**(Amounts in Indian ₹ Thousand)**

| Particulars | Note No. | As at 1 April 2015 | | | As at 31 March 2016 | | |
|---|---|---|---|---|---|---|---|
| | | Indian GAPP | Ind AS Adjustments | Ind AS | Indian GAPP | Ind AS Adjustments | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| (a) Property, Plant and Equipment | e,g | 84,803.15 | 219.71 | 85,022.87 | 121,764.10 | (674.18) | 121,089.92 |
| (b) Capital work-in-progress | | 41,637.83 | 0.00 | 41,637.83 | 225.00 | 0.00 | 225.00 |
| (c) Investment Property | g | 0.00 | 2,780.29 | 2,780.29 | 0.00 | 2,674.18 | 2,674.18 |
| (d) Goodwill | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (e) Other Intangible assets | | 469.55 | 0.00 | 469.55 | 314.65 | 0.00 | 314.65 |
| (f) Intangible assets under development | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (g) Biological Asset other than bearer plants | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (h) Financial Assets | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (i) Investments | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (ii) Trade receivables | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iii) Loans | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iv) Others - claims receivable | | 350.00 | 0.00 | 350.00 | 350.00 | 0.00 | 350.00 |
| (i) Deferred tax assets (net) | | 14,424.25 | 0.00 | 14,424.25 | 15,288.72 | 0.00 | 15,288.72 |
| (j) Other non-current assets | | 7,916.06 | 0.00 | 7,916.06 | 1,725.25 | 0.00 | 1,725.25 |
| **Total non-current assets** | | **149,600.85** | **3,000.00** | **152,600.85** | **139,667.72** | **2,000.00** | **141,667.72** |
| **Current assets** | | | | | | | |
| (a) Inventories | | 62,535.39 | 0.00 | 62,535.39 | 48,511.11 | 0.00 | 48,511.11 |
| (b) Financial Assets | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (i) Investments | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (ii) Trade receivables | | 35,008.33 | 0.00 | 35,008.33 | 16,699.74 | 0.00 | 16,699.74 |
| (iii) Cash and cash equivalents | | 828.27 | 0.00 | 828.27 | 818.48 | 0.00 | 818.48 |
| (iv) Bank balance other than (iii) above | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (v) Loans | | 101.27 | 0.00 | 101.27 | 101.27 | 0.00 | 101.27 |
| (vi) Others -Interest accrued | | 8.68 | 0.00 | 8.68 | 33.90 | 0.00 | 33.90 |
| (c) Current Tax Assets (net) | | 181.02 | 0.00 | 181.02 | 385.32 | 0.00 | 385.32 |
| (d) Other current assets | e | 13,513.53 | (3,000.00) | 10,513.53 | 10,498.01 | (2,000.00) | 8,498.01 |
| **Total current assets** | | **112,176.48** | **(3,000.00)** | **109,176.48** | **77,047.83** | **(2,000.00)** | **75,047.83** |
| **TOTAL ASSETS** | | **261,777.33** | **0.00** | **261,777.33** | **216,715.55** | **0.00** | **216,715.55** |

## NOTES TO ACCOUNTS (contd...)

**Note 39 A : Reconciliations between Indian GAAP and Ind AS (contd...)**

**(Amounts in Indian ₹ Thousand)**

| Particulars | Note No. | As at 1 April 2015 | | | As at 31 March 2016 | | |
|---|---|---|---|---|---|---|---|
| | | Indian GAPP | Ind AS Adjustments | Ind AS | Indian GAPP | Ind AS Adjustments | Ind AS |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| (a) Equity share capital | d | 167,001.56 | (150,000.00) | 17,001.56 | 267,001.56 | (250,000.00) | 17,001.56 |
| (b) Other equity | | (203,818.80) | 0.00 | (203,818.80) | (256,361.62) | 0.00 | (256,361.62) |
| **Equity attributable to equity holders of the parent** | | | | | | | |
| Non-controlling interests | | | | | | | |
| **Total equity** | | **(36,817.24)** | **(150,000.00)** | **(186,817.24)** | **10,639.94** | **(250,000.00)** | **(239,360.06)** |
| **LIABILITIES** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| (a) Financial Liabilities | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (i) Borrowings | d | 0.00 | 1,50,000.00 | 1,50,000.00 | 0.00 | 2,50,000.00 | 2,50,000.00 |
| (ii) Trade payables | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iii) Other financial liabilities | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (b) Provisions | | 32,055.81 | 0.00 | 32,055.81 | 32,987.28 | 0.00 | 32,987.28 |
| (c ) Deferred tax liabilities (net) | | 6,788.36 | 0.00 | 6,788.36 | 13,623.14 | 0.00 | 13,623.14 |
| (d) Other non-current liabilities | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total non-current liabilities** | | **38,844.17** | **150,000.00** | **188,844.17** | **46,610.42** | **250,000.00** | **296,610.42** |
| **Current liabilities** | | | | | | | |
| (a) Financial liabilities | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (i) Borrowings | | 1,36,949.76 | 0.00 | 1,36,949.76 | 35,083.27 | 0.00 | 35,083.27 |
| (ii) Trade payables | | 67,317.01 | 0.00 | 67,317.01 | 79,291.75 | 0.00 | 79,291.75 |
| (iii) Other financial liabilities | | 39,787.48 | 0.00 | 39,787.48 | 27,949.72 | 0.00 | 27,949.72 |
| (b) Other current liabilities | | 3,706.73 | 0.00 | 3,706.73 | 4,811.20 | 0.00 | 4,811.20 |
| (c) Provisions | | 11,989.43 | 0.00 | 11,989.43 | 12,329.26 | 0.00 | 12,329.26 |
| (d) Current tax liabilities (net) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total current liabilities** | | **259,750.40** | **0.00** | **259,750.40** | **159,465.20** | **0.00** | **159,465.20** |
| **Total liabilities** | | **298,594.57** | **150,000.00** | **448,594.57** | **206,075.61** | **250,000.00** | **456,075.61** |
| **TOTAL EQUITY AND LIABILITIES** | | **261,777.33** | **0.00** | **261,777.33** | **216,715.55** | **0.00** | **216,715.55** |

# NOTES TO ACCOUNTS (contd...)

**Note 39 A : Reconciliations between Indian GAAP and Ind AS (contd...)**

**Reconciliation of statement profit and loss and other comprehensive income**

**(Amounts in Indian ₹ Thousand)**

| Particulars | Notes | Year ended 31 March 2016 | | |
|---|---|---|---|---|
| | | Indian GAPP | Adjustments | Ind AS |
| Revenue from Operations | a | 388,700.30 | 52,544.63 | 441,244.93 |
| Other Income | | 5,271.53 | 0.00 | 5,271.53 |
| **Total Income** | | **393,971.83** | **52,544.63** | **446,516.46** |
| **Expenses** | | | | |
| Cost of materials consumed | | 218,230.93 | 0.00 | 218,230.93 |
| Purchases of Stock-in-Trade | | 154.72 | 0.00 | 154.72 |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | | 3,855.47 | 0.00 | 3,855.47 |
| Employee benefits expense | b,c | 101,065.25 | (2,337.47) | 98,727.78 |
| Finance costs | c | 9,880.85 | 2,497.17 | 12,378.02 |
| Depreciation and amortization expense | | 17,557.42 | 0.00 | 17,557.42 |
| Other expenses | a | 89,799.71 | 52,544.63 | 142,344.35 |
| **Total expenses** | | **440,544.35** | **52,704.33** | **493,248.68** |
| Profit/(loss)before exceptional items and tax | | (46,572.52) | (159.70) | (46,732.22) |
| **Exceptional Items** | | **0.00** | **0.00** | **0.00** |
| Profit / (loss) before tax | | (46,572.52) | (159.70) | (46,732.22) |
| (1) Current tax | | 0.00 | 0.00 | 0.00 |
| (2) Deferred tax | b | 5,970.30 | (49.35) | 5,920.95 |
| **Profit (Loss) for the period from continuing operations** | | **(52,542.82)** | **(110.35)** | **(52,653.17)** |
| Profit/(loss) from discontinued operations | | 0.00 | 0.00 | 0.00 |
| **Tax expenses of discontinued operations** | | **0.00** | **0.00** | **0.00** |
| **Profit/(loss) from discontinued operations (after tax)** | | **0.00** | **0.00** | **0.00** |
| Profit/(loss) for the period | | (52,542.82) | (110.35) | (52,653.17) |

## NOTES TO ACCOUNTS (contd...)

**Note 39 A : Reconciliations between Indian GAAP and Ind AS (contd...)**

**Reconciliation of statement profit and loss and other comprehensive income**

**(Amounts in Indian ₹ Thousand)**

| Particulars | Note | Year ended 31 March 2016 | | Ind AS |
|---|---|---|---|---|
| | | Indian GAPP | Adjustments | |
| Other Comprehensive Income | | | | |
| Items that will not be reclassified to profit or loss | b | 0.00 | 159.70 | 159.70 |
| Income tax relating to items that will not be reclassified to profit or loss | b | 0.00 | (49.35) | (49.35) |
| **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) for the period (after tax) and Other Comprehensive Income (after tax)] | | (52,542.82) | 0.00 | (52,542.82) |
| **(ii) Earnings Per Share (after extraordinary items) (13/14)** | | | | |
| (a) Basic In ₹ | | (3.09) | (0.01) | (3.10 ) |
| (b) Diluted In ₹ | | (3.09) | (0.01) | (3.10 ) |

**Note 39 B : Reconciliations between Indian GAAP and Ind AS**

**Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Indian GAAP to Ind AS**

**a. Excise duty**

Under Indian GAAP, excise duty is reduced from gross revenues to report revenues net of excise duty.

Under Ind AS, revenue includes gross inflows of economic benefits received by a company for its own account. Excise duty collected, which is a duty on manufacture and a primary obligation of the manufacturer is considered as revenue with the corresponding payments to Government as expenditure. This adjustment does not have any impact on statement of profit and loss.

**The impact on profitability arising from this change is summarised as follows :**

| Statement of profit and loss | Year ended 31 March 2016 |
|---|---|
| **Revenue from Operations** | |
| Add : Excise duty | 52,544.63 |
| **Other expenses - excise duty** | |
| Add : Excise duty on sales | 52,544.63 |

## NOTES TO ACCOUNTS (contd...)

**Note 39 B : Reconciliations between Indian GAAP and Ind AS (contd...)**

**(Amounts in Indian ₹ Thousand)**

**b) Employee benefit expenses - actuarial gains and losses and return on plan assets**

Under Indian GAAP, actuarial gains and losses and return on plan assets on post-employment defined benefit plans are recognised immediately in statement of profit and loss.

Under Ind AS, remeasurements which comprise of actuarial gains and losses, return on plan assets and changes in the effect of asset ceiling, if any, with respect to post-employment defined benefit plans are recognised immediately in other comprehensive income (OCI). Further, remeasurements recognised in OCI are never reclassified to statement of profit and loss.

The impact on profitability arising from this change is summarised as follows:

| **Statement of profit and loss** | **Year ended 31 March 2016** |
|---|---|
| **Employee benefit expenses** | |
| Add / (loss): Actuarial gain / loss | 159.70 |
| **Tax expenses** | |
| Add / (Less): Income tax impact of above | (49.35) |
| **Other comprehensive income** | **Year ended 31 March 2016** |
| Items that will not be classified to P/L | |
| Add / (loss): Actuarial gain / loss | 159.70 |
| Add / (Less): Income tax impact of above | (49.35) |

**c) Employee benefit expenses - net interest income / expenses**

Under Indian GAAP, net finance cost / income on post-employment defined benefit plans (gratuity) is recognised in statement of profit and loss under 'employee benefit expense'.

Under Ind AS, net finance cost / income is recorded under 'finance cost / income'.

**The impact on profitability arising from this change is summarised as follows :**

| **Statement of profit and loss** | **Year ended 31 March 2016** |
|---|---|
| **Finance cost** | |
| Add / (Less): net interest on net defined benefit obligation | 2,497.17 |
| Employee benefit expenses | |
| Add / (Less): net interest on net defined benefit obligation | (2,497.17) |

**d) Reclassification of Preference Share from Share Capital to Non-current borrowings**

Under Indian GAAP preference shares issued are considered as part of equity

Under Ind AS preference shares are to be recognised as per the guidance under Ind AS 109. Accordingly, preference shares issued should be classified as ‘Financial liability’ as there is obligation to pay cash. At initial recognition, preference shares are valued at fair value and subsequently recognition will be at amortised cost.

## NOTES TO ACCOUNTS (contd...)

**Note 39 B : Reconciliations between Indian GAAP and Ind AS (contd...)**

**(Amounts in Indian ₹ Thousand)**

**The impact on equity arising from this change is summarised as follows:**

| **Balance sheet** | **01-Apr-15** | **31-Mar-16** |
|---|---|---|
| Equity | (150,000.00) | (250,000.00) |
| **Non Current liabilities** | | |
| Financial liabilities - borrowings | 150,000.00 | 250,000.00 |

**g) Investment property**

Under Indian GAAP, there is limited guidance on investment property.

Under Ind AS, investment property comprises of land or building held for earning rentals or for capital appreciation or both. Where a property is held for a currently undetermined future use, it is regarded as held for capital appreciation. Investment property is required to be measured at cost and is subsequently depreciated based on its useful life. Fair value of the investment property is to be disclosed at every reporting period end.

**The impact on equity arising from this change is summarised as follows:**

| **Balance sheet** | **01-Apr-15** | **31-Mar-16** |
|---|---|---|
| Property, plant and equipment | (2,780.29) | (2,780.29) |
| Accumulated depreciation | – | 106.10 |
| Investment property | 2,780.29 | 2,780.29 |
| Accumulated depreciation | – | (106.10) |

**e) Asset held for sale reclassified to Property, plant and equipment**

Under Indian GAAP, there is no specific guidance for non-current asset held for sale.

Under Ind AS, specific conditions mentioned in Ind AS 105 needs to be fulfilled to consider an asset to be non-current asset held for sale. The asset did not meet the criterias and accordingly reclassified to property, plant and equipment.

**The impact arising from this change is summarised as follows:**

| **Balance sheet** | **01-Apr-15** | **31-Mar-16** |
|---|---|---|
| Property, plant and equipment | 5,842.78 | 5,842.78 |
| Property, plant and equipment - impairment loss | (2,842.78) | (3,842.78) |
| Other current assets | (3,000.00) | (2,000.00) |
| Impact on retained earnings on transition date | - | |

As per our report of even date attached

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

**NIKHIL M. SHEVADE**
Partner
Membership No. 217379

PUNE : April 14, 2017

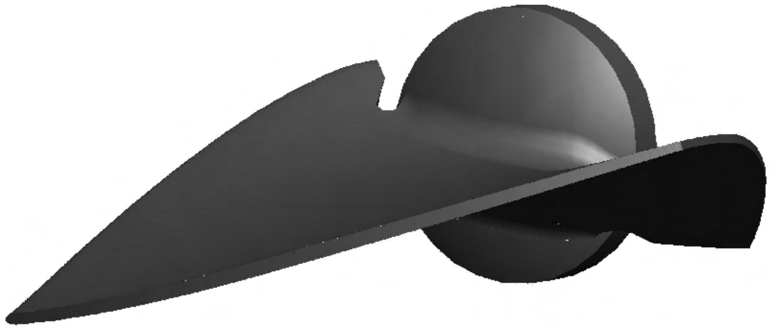
For and on behalf of the Board of Directors

**Ravindra Samant**
Managing Director
DIN:07002226

**C M Mate**
Chairman
DIN:07399559

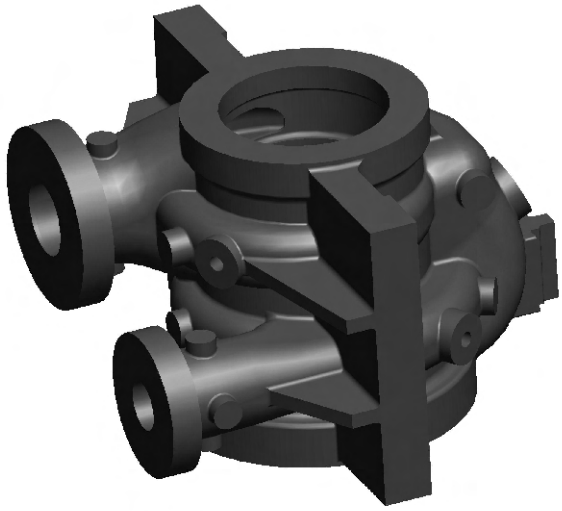
**Ananta Charan Das**
Chief Finance Officer

**Siddhesh Mandke**
Company Secretary

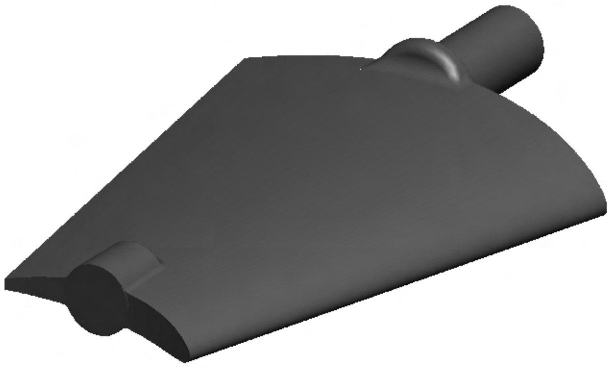


Rnner Blade

Runner Hub



Pump Casing



Wicket Gate

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# THE KOLHAPUR STEEL LIMITED

## A Kirloskar Group Company


(Subsidiary company of Kirloskar Brothers Limited)
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Email: info@kolhapursteel.com Website: www.kolhapursteel.com
CIN - U27106MH1965PLC013212


GROUP COMPANIES

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