



Enriching Lives

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

30 June 2016

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

Ref.: Stock Code: KIRLOSIND

Dear Sir,

Sub.: Intimation under Regulation 30(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We wish to inform you that pursuant to Regulation 30(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), Kirloskar Ferrous Industries Limited (KFIL), a listed material subsidiary of the Company, has submitted a copy of the Annual Report for the Financial Year 2015-16, including the Notice of Annual General Meeting.

A copy of the same is enclosed herewith for your reference.

You are requested to take the same on your record.

Thanking you.

Yours faithfully,
For Kirloskar Industries Limited

A.V. Mali

Ashwini V. Mali
Company Secretary &
Compliance Officer



Encl.: As above



With a century-old expertise at the helm, Kirloskar has successfully transformed deep-rooted wisdom into critical engineering solutions that have enriched lives worldwide.

Our indigenous products symbolise our engineering excellence and capabilities. Understanding of rural markets and a strong presence at grassroots level enable us explore new territories. Our 'under one roof' manufacturing gives us a competitive edge and the pride of 'Making in India' urges us to raise the bar for global engineering.

We are Kirloskar and we are poised for growth like never before!



Your company is poised for growth with:

- Upgradation of Mini Blast Furnace to enhance production capabilities
- Production ramp up of moulding line to enhance capacity utilisation
- Machining of castings to provide value-added products to customers

**25th ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016****BOARD OF DIRECTORS**

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

COMPANY SECRETARY

Mr. C. S. Panicker

CHIEF FINANCIAL OFFICER

Mr. R. S. Srivatsan

AUDITORS

M/s P. G. Bhagwat, Chartered Accountants

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENT

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

REGISTERED OFFICE

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

FACTORY

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

Information for shareholders

25th Annual General Meeting	
Date	: Thursday, 28th July, 2016
Time	: 12 Noon
Venue	: Pudumjee Hall, Maharatta Chamber of Commerce Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
Dates of Book Closure	: 19th July, 2016 to 28th July, 2016 (both days inclusive)

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KIRLOSKAR FERROUS INDUSTRIES LIMITED
A DECADE AT A GLANCE

(₹ in Millions)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Net sales / revenue from operations	5,251.32	7,264.56	6,991.39	8,069.87	10,917.58	10,896.51	11,981.09	12,321.61	13,650.92	11,139.30
Other income	64.37	183.47	50.87	102.27	19.81	20.84	24.91	30.75	31.10	22.48
Total income	5,315.69	7,448.03	7,042.26	8,172.14	10,937.39	10,917.35	12,006.00	12,352.36	13,682.02	11,161.78
Raw material and stores consumed	3,618.46	5,301.91	5,254.59	5,790.99	8,548.17	8,103.05	8,646.38	9,209.08	9,702.97	7,131.58
Employees remuneration and benefits	182.44	296.85	306.52	327.72	330.56	427.73	511.76	495.63	651.93	709.22
Other expenses	639.99	921.82	930.76	1,030.56	1,028.14	1,433.28	1,739.84	1,500.88	1,806.50	1,786.77
Total expenses	4,440.89	6,520.58	6,491.87	7,149.27	9,906.87	9,964.06	10,897.98	11,205.59	12,161.40	9,627.56
Profit before interest, depreciation and amortisation	874.80	927.45	550.39	1,022.87	1,030.52	953.29	1,108.02	1,146.77	1,520.62	1,534.22
(% to Total income)	16.46	12.45	7.82	12.52	9.42	8.73	9.23	9.28	11.11	13.75
Interest / finance cost	69.32	83.90	117.27	60.59	41.45	104.70	151.80	229.05	297.99	238.30
Depreciation and amortisation	139.88	185.42	230.40	259.65	270.44	291.98	332.03	337.86	504.18	443.66
Profit before Tax	665.60	658.13	202.72	702.63	718.63	556.61	624.19	579.86	718.45	852.26
(% to Total Income)	12.52	8.84	2.88	8.60	6.57	5.10	5.20	4.69	5.25	7.64
Tax provisions	220.97	167.81	123.23	211.95	235.34	185.81	233.33	181.49	225.69	274.91
Net Profit after Tax	444.63	490.32	79.49	490.68	483.29	370.80	390.86	398.37	492.76	577.34
(% to Total income)	8.36	6.58	1.13	6.00	4.42	3.40	3.26	3.23	3.60	5.17
Equity share capital	685.02	685.02	686.47	686.49	686.54	686.54	686.54	686.54	686.54	686.54
Reserves										
Share premium	1,929.29	1,929.29	1,937.97	1,938.06	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38
General reserves	-	50.00	50.00	100.00	150.00	200.00	250.00	300.00	350.00	400.00
Profit and Loss account	17.04	337.14	298.58	540.91	815.65	976.86	1,191.86	1,339.44	1,575.42	1,895.42
Total	1,946.33	2,316.43	2,286.55	2,578.97	2,904.03	3,115.24	3,380.24	3,577.82	3,863.80	4,233.80
Deferred Tax (assets) / liability	100.91	228.95	315.01	319.11	379.68	420.55	514.75	641.76	730.59	789.04
Long term loans	201.08	39.43	188.57	62.85	-	-	804.62	602.31	100.00	-
Net fixed assets including CWIP	1,725.42	2,464.09	3,288.68	3,382.73	3,590.97	3,851.77	4,881.68	5,691.13	5,731.09	5,582.60
Net current assets other than cash and bank	102.47	371.53	61.19	98.39	67.74	50.49	(17.20)	(413.25)	(584.12)	(105.18)
Cash and bank balance	1,105.45	434.29	126.75	166.60	184.02	136.15	145.81	115.24	101.05	60.17
Non current assets				127.52	183.92	375.87	375.87	115.31	132.91	171.80
Capital employed	2,933.34	3,269.91	3,476.62	3,647.72	3,970.25	4,222.33	5,386.16	5,508.43	5,380.93	5,709.39
Net worth	2,631.35	3,001.45	2,973.02	3,265.46	3,590.57	3,801.78	4,066.78	4,264.36	4,550.34	4,920.34
Number of equity shares	137,005,165	137,005,165	137,294,479	137,297,303	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081
Earnings per share (₹)	5.24	3.58	0.58	3.57	3.52	2.70	2.85	2.90	3.59	4.20
Book value per share (₹)	19.21	21.91	21.65	23.78	26.15	27.69	29.62	31.06	33.14	35.83
Dividend %	-	15	10	20	20	20	25	25	25	25

Notes:

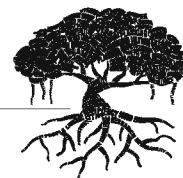
Net worth = Share capital + Reserves.

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

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

Figures as per latest annual report are aligned with the Companies Act, 2013.

Figures have been regrouped wherever necessary.



NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Members of Kirloskar Ferrous Industries Limited will be held on Thursday, the 28th day of July, 2016 at 12 noon at Pudumjee Hall, Maharashtra Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002 to transact the following business :

ORDINARY BUSINESS

Item No. 1

To receive, consider and adopt the Financial Statements for the year ended on 31st March, 2016 and also the reports of the Auditors and the Board of Directors thereon.

Item No. 2

To confirm the payment of Interim Dividend @ ₹ 1.25 per equity share of ₹ 5 each (i.e. 25 percent) for the financial year 2015-2016 as declared by the Board of Directors.

Item No. 3

To appoint a Director in place of Mr. Rahul C. Kirloskar (DIN 00007319), who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 4

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

“RESOLVED THAT, pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No. 105215W / W10057) be and are hereby appointed as the Statutory Auditors of the Company to hold office for a term of 5 years from the conclusion of 25th Annual General Meeting until the conclusion of 30th Annual General Meeting (subject to ratification by the members at every Annual General Meeting held after this Annual General Meeting) at such remuneration, in addition to applicable taxes and reimbursement of out of pocket expenses, as may be mutually agreed between the Board of Directors and the Statutory Auditors.”

SPECIAL BUSINESS

Item No. 5

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

“RESOLVED THAT, pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and rules thereof (including any statutory modification(s) or re-enactment thereof for the time being force), the remuneration of ₹ 250,000 (Rupees Two Lac and Fifty Thousand only) plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual basis to be paid to M/s. Parkhi Limaye and Co, Cost Accountants appointed as Cost Auditors for the conduct of the cost audit of the Company for the financial year ending 31st March, 2017, as recommended by the Board of Directors, be and is hereby ratified.”

Registered Office :
13, Laxmanrao Kirloskar Road,
Khadki, Pune 411003.
CIN : L27101PN1991PLC063223
Email : investor@kfil.com

Pune : 29th April, 2016

By order of the Board of Directors

C. S. Panicker
Company Secretary

NOTES :

- i) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 19th July, 2016 to Thursday, 28th July, 2016 (both days inclusive).
- ii) A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

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

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

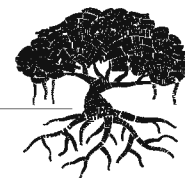
Proxies shall not have any right to speak at the meeting.

- iii) Members, who hold shares in physical form, are requested to advise the Company immediately of any change in their addresses.
- iv) Members, who hold shares in electronic form, are requested to intimate details regarding change of address, etc. to the Depository Participants, where they have their Demat accounts.
- v) Members may avail of the facility of dematerialisation by opening Demat accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get equity share certificates held by them dematerialised.
- vi) Members, who hold shares in electronic form, are requested to bring their Client Id and DP Id for easy identification.
- vii) Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialised at the earliest.
- viii) In case members wish to ask for any information about accounts or operations of the Company, they are requested to send their queries in writing at least 7 days before the date of the meeting, so that the information can be made available at the time of the meeting.
- ix) Members / proxies are requested to bring their attendance slip duly filled in.
- x) Members are requested to bring their copy of the Annual Report for the meeting.
- xi) Members having multiple folios are requested to intimate to the Company such folios to enable the Company to consolidate all shareholdings into one folio.
- xii) **Green Initiative in the Corporate Governance - Registration of email address**

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

Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the members the facility to exercise their right to vote on resolutions proposed to be



considered at the 25th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

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

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

The remote e-voting period commences on 25th July, 2016 (9:00 a.m.) and ends on 27th July, 2016 (5:00 p.m.). During this period, the Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st July, 2016 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting after 5.00 p.m. on 27th July, 2016. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

The process and manner for remote e-voting are as under :

- A. In case a Member receives an email from NSDL [for members, whose email IDs are registered with the Company/Depository Participants(s)] :
- (i) Open email and open PDF file viz; "Kirloskar Ferrous remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL:
<https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder – Login
 - (iv) If you are already registered with NSDL for e-voting, then you can use your existing user ID and password.
 - (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - (vi) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
 - (vii) Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
 - (viii) Select "EVEN" (E-Voting Event Number) of Kirloskar Ferrous Industries Limited. Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution / Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to mjrpcs@gmail.com with a copy marked to evoting@nsdl.co.in.

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

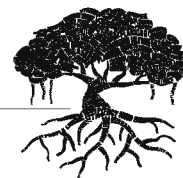
- (i) Initial password is provided on the covering letter :

EVEN (E-voting Event Number)
USER ID
PASSWORD

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

General Instructions for e-voting :

- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com
- If you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password/PIN for casting your vote.
- You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21st July, 2016.
- Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 21st July, 2016 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or rajivr@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" option available on www.evoting.nsdl.com.
- A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only, shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- Mr. M. J. Risbud, Practicing Company Secretary (Membership No. FCS 810 and CP No. 185) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of 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.
- The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.kfil.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.



STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 26 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Item No. 3 of the Notice

Mr. Rahul C. Kirloskar, aged 52 years, is qualified as B.S. (Mechanical Engineering) in USA. He has been with the Kirloskar Group of Companies for more than 25 years at senior levels in different capacities. Presently, he is the Executive Chairman in Kirloskar Pneumatic Company Limited. He has actively participated in a week long intensive course for top management professionals of major international companies on Total Quality Management (TQM) in Japan, conducted by Japanese Union of Scientists and Engineering (JUSE). This course has exposed him to the latest methods of TQM prevailing in Japan.

He is also on the Board of several companies. He was the Chairman of the CII Pune Zonal Council as well as CII Maharashtra Council.

He is the Chairman of Corporate Social Responsibility Committee of the Company.

Other Directorships

Kirloskar Oil Engines Limited	Kirloskar Pneumatic Company Limited
Kirloskar Proprietary Limited	J. K. Fenner (India) Limited
Green Tek Systems (India) Private Limited	Alpak Investments Private Limited
Asara Sales and Investments Private Limited	Kirloskar Energen Private Limited

Other Committee Positions

Name of the Company	Name of Committee and position held
Kirloskar Pneumatic Company Limited	Corporate Social Responsibility Committee – Chairman
Kirloskar Oil Engines Limited	Audit Committee – Member Nomination and Remuneration Committee – Member Stakeholders Relationship Committee – Member Share Transfer Committee – Chairman
J. K. Fenner (India) Limited	Audit Committee – Member Nomination and Remuneration Committee – Member

He is a brother of Mr. Atul C. Kirloskar, Chairman.

He holds 1,425,279 (1.04 percent) equity shares in the Company.

Mr. Rahul C. Kirloskar may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of his shareholding.

Mr. Atul C. Kirloskar, who is his brother and their other relatives, to the extent of their shareholding interest in the Company, may be deemed to be concerned or interested in the resolution.

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

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

Item No. 5 of the Notice

The Board of Directors at its meeting held on 29th April, 2016 has appointed M/s. Parkhi Limaye and Co, Cost Accountants as the Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year ending 31st March, 2017 and fixed the remuneration of ₹ 250,000 (Rupees Two Lac and Fifty Thousand only) plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual, subject to the ratification of the Members at the Annual General Meeting.

Pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 the remuneration of Cost Auditor shall be recommended by the Audit Committee, approved by the Board of Directors and ratified subsequently by the members. Accordingly, it is proposed to obtain the consent of the members to ratify the remuneration and the reimbursement of expenses at actual to the Cost Auditors for the financial year ending 31st March, 2017.

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

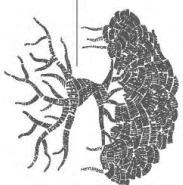
The Board recommends the ordinary resolution as set out at Item No. 5 of the Notice for approval by the members.

By order of the Board of Directors

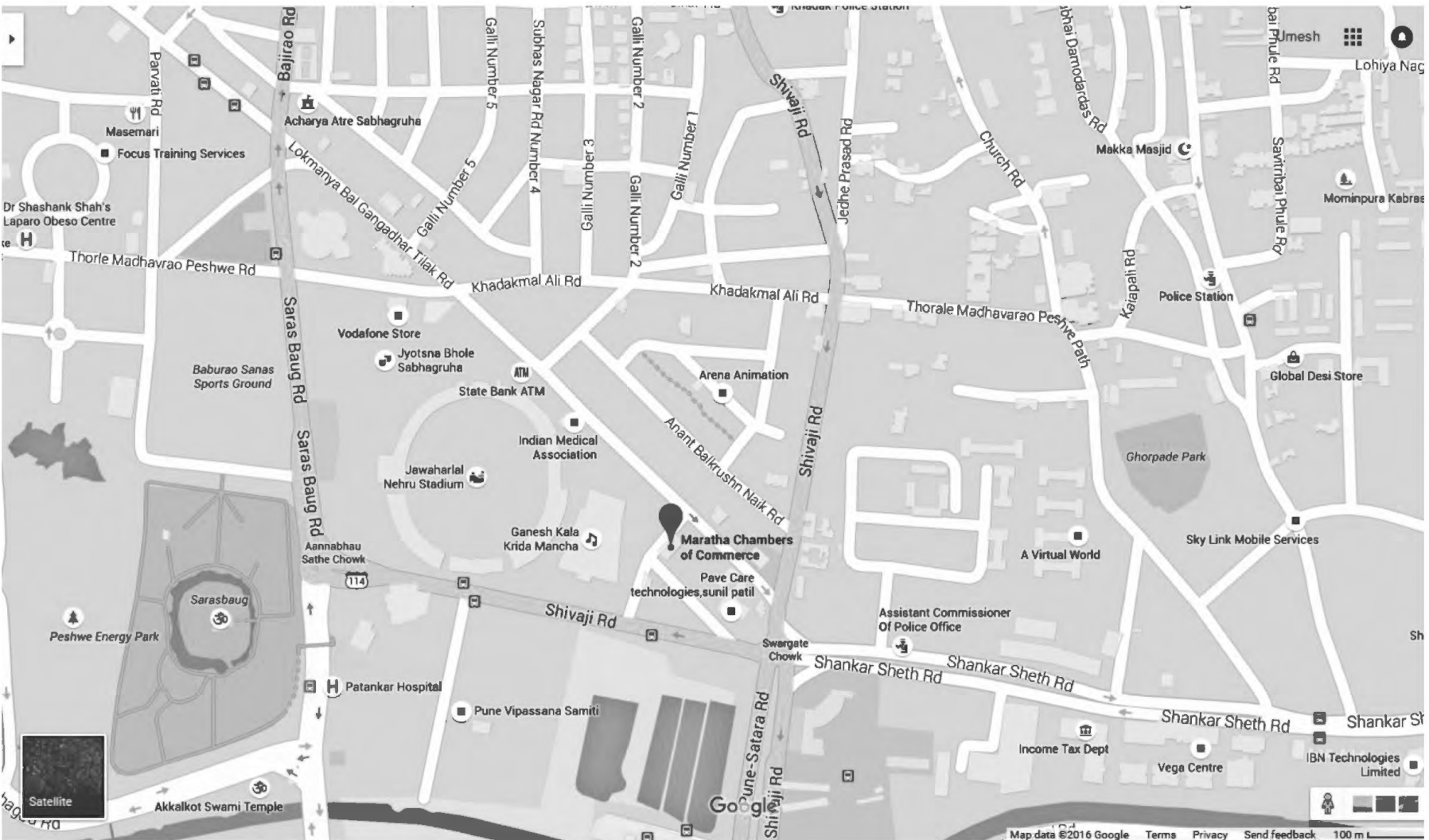
Registered Office :
13, Laxmanrao Kirloskar Road,
Khadki, Pune 411003.
CIN : L27101PN1991PLC063223
Email : investor@kfil.com

Pune : 29th April, 2016

C. S. Panicker
Company Secretary



Route Map of the venue of the Annual General Meeting



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting 25th Annual Report together with the Audited Annual Accounts for the year ended 31st March, 2016.

I. FINANCIAL PERFORMANCE

The financial results of the Company for the financial year 2015-16 as compared with the previous year are as follows -

	(Amount in ₹)	
	2015-2016	2014 - 2015
Total Revenue	11,161,782,223	13,682,020,676
Profit before tax	852,256,486	718,445,295
Tax Expenses	274,912,535	225,681,433
Profit for the year	577,343,951	492,763,862
Balance of Profit brought forward from previous year	1,575,423,721	1,339,436,682
Profit available for appropriation	2,152,767,672	1,832,200,544

APPROPRIATIONS

Your Directors propose to appropriate the Profit as under :

Interim Dividend	171,635,102	-
Final Dividend	-	171,635,102
Tax on above Dividend	35,713,506	35,141,721
Transfer to General Reserves	50,000,000	50,000,000
Balance carried to Surplus in Statement of Profit and Loss	1,895,491,064	1,575,423,721

DIVIDEND

Your Directors at their meeting held on 10th March, 2016 declared an Interim Dividend of 25 percent (₹ 1.25 per equity share). The date of payment of interim dividend was 29th March, 2016. The interim dividend paid is being placed for the confirmation of the shareholders at the ensuing Annual General Meeting. No additional dividend is being proposed and Interim Dividend declared shall be the final dividend.

II. MANAGEMENT DISCUSSION AND ANALYSIS

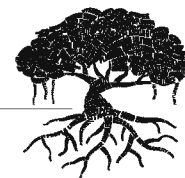
A. Economy and Industry Overview

Global Economy:

Global economic growth for 2015 was 3.1 percent.

In United States, an improving labour market continues to support a consumption-led recovery; manufacturing activity remained sluggish with decline in exports. The US economy grew at 2 percent in third quarter and expanded to 2.4 percent for all of 2015. The US Fed, raised interest rates by 0.25 percent for the first time since 2006. US Fed has given its growth projection as 2.2 percent for 2016 and 2.1 percent for 2017.

China's economy grew 6.9 percent in 2015, which was at the slowest pace but relatively fast among major economies. China's slowdown has been a central factor in the recent falls in global commodity prices viz. oil, metals and gas.



In the Euro zone, improving labour market and financing conditions are supporting consumer spending and business investment. In Japan, the combination of exceptional monetary accommodation and fiscal stimulus has failed to spur sustainable domestic demand so far.

Rapid falls in oil and commodity prices impacted the Latin American economies and also that of oil producing countries. This resulted in the outflow of funds from the investment made in developing countries. In the emerging markets, the growth of Russia and Brazil deteriorated more rapidly.

Weakening of the Chinese economy and the depreciation of their currency resulted in Capital outflows from China triggering sell-offs across Advanced Economies (AE) and Emerging Market Economies (EMEs). Crude oil prices fell below US \$ 30 per barrel – a 12-year low. Prices of gold remained high and Dollar appreciated against other currencies with increased demand for the same in view of volatility in the international market. This has also resulted in capital outflows from emerging markets.

The International Monetary Fund has forecast global growth to 3.4 percent in 2016.

Indian Economy:

India's growth is projected between 7 to 7.5 percent for FY 2015-16. Indian economic activity lost momentum in Quarter 3 of 2015-16, pulled down by slackening agricultural and industrial growth. In the first two months of Quarter 3 of 2015-16, industrial activity slowed in relation to the preceding quarter.

The Indian rupee lost ground in February 2016 and closed at ₹ 68.50 per US Dollar (USD) on 19 February 2016 and reached an all time high level of ₹ 68.792 during intra- day trading on 29th February 2016. Strong demand for the U.S. dollar fuelled the depreciation of rupee. However, during the last month of FY 2015-16, rupee started to rise against US Dollar after the budget with Government's decision to stick to the fiscal deficit target of 3.5 percent for fiscal year 2017 and also due to sustained foreign capital inflows and selling of dollars by exporters, Rupee closed at ₹ 66.26 against the dollar on 31st March 2016.

Heightened global uncertainty put Indian stock markets under pressure and has led to a selloff of Indian stocks at the beginning of 2016.

For April 2015 to March 2016, cumulative exports declined by 15.85 percent to USD 261.13 billion, as against USD 310.30 billion in 2014-15 and imports dipped by 15.28 percent to USD 379.6 billion, leaving a trade deficit of USD 118.45 billion (against the trade gap of USD 137.65 billion in 2014-15).

India's exports remained in contraction mode, although there are indications of a sequential bottoming out. Softer Petroleum, Oil and Lubricants (POL) and commodity prices helped to contain the trade deficit.

India's foreign exchange reserves on 1st April, 2016 was \$ 359.759 billion and Gold reserves increased to \$ 20.115 billion.

Sensex which was at 27,957.49 on 31st March, 2015 had gone down to a low level of 23,962.21 on 28th January, 2016 before closing at a level of 25,341.86 on 31st March, 2016.

Since the start of 2015, the Reserve Bank of India (RBI) has reduced interest rates by 1.25 percent but commercial banks have not passed on reduction to the borrowers to the same extent. For the full transmission of rates, the RBI has asked banks to follow the marginal cost of funds while setting the base rate.

Expectations of a normal monsoon after two consecutive years of rainfall deficiency, may result in improving real incomes of households and lower input costs. Weak domestic private investment demand, re-emergence of concerns relating to stalled projects, excess capacity created in the industry, sluggish external demand conditions reducing export can be a dampener to the growth.

Steel Industry:

India is the third-largest steel producer in the world. In 2015, India produced 91.46 Million Tonnes (MT) of finished steel. Driven by rising infrastructure development and growing demand for automotives, steel

consumption is expected to reach 104 MT by 2017. The Government of India has allowed 100 percent Foreign Direct Investment (FDI) in the steel sector under the automatic route.

Due to adverse Global conditions, there has been a large inflow of imports. This has also manifested in a series of price cuts for the domestic steel industry during the year, leading to a squeeze on margins earned by steel producers.

Iron ore Mines:

The Supreme Court, in its final order on illegal mining in Karnataka in April 2013, had asked the State Government to cancel 51 'C' category leases for involving in illegal mining and re-allot them to end users through a transparent bidding mechanism.

Pursuant to the apex court order of April 2013, 51 C-Category mining leases were cancelled by the Government of Karnataka.

Government of Karnataka vide notification and notice dated 22nd December, 2015 invited tender for grant of mining lease of 14 'C' category mines in Bellary and Chitradurga districts.

As per the assessment of Department of Mines and Geology, these 14 mines together possess around 195.77 million tonnes of iron ore reserves.

As per the tender document issued by the Government of Karnataka, the state owned Metal Scrap Trade Corporation (MSTC) Ltd. will conduct e-auction.

Currently, 24 mining leases are approximately producing an average 21 MT per annum of iron ore in the state of Karnataka while the requirement of iron ore by steel mills in and around the state is estimated at 35 MT. This includes two mining leases of state owned NMDC.

Iron Ore:

The Central Government on 29th February, 2016 proposed to remove the export duty on low grade iron ore fines and lumps in a bid to make the domestic mining sector, competitive amid a fall in prices globally.

While the Steel Ministry's plea to revisit the proposal to reduce duty on higher-grade iron ore exports would help domestic miners, the steel industry would not be happy, as it might lead to a price escalation for them.

Coke :

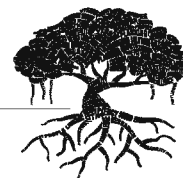
In the case of metallurgical coke, availability of coke from China for imports (after the removal of export duty and quota restrictions), has helped manufacturers of iron and steel to import coke for their manufacturing operations at competitive prices.

Domestic coke manufacturers have requested the Government to levy anti dumping duty on coke import from China as domestic Industry has been affected due to dumping of coke by China at a cheaper price.

Auto Industry:

The auto industry produced a total 19.84 million vehicles in April 2015-January 2016, including passenger vehicles, commercial vehicles, three wheelers and two wheelers, as against 19.64 million in April 2014-January 2015.

Domestic sales of Passenger Vehicles grew by 8.13 percent in April 2015-January 2016 over the same period last year. The domestic sales of Commercial Vehicles increased by 9.43 percent in April 2015-January 2016 over the same period last year. Sales of Medium and Heavy Commercial Vehicles (M&HCVs) increased at 30.19 percent.



In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry has attracted Foreign Direct Investment (FDI).

Auto Industry outlook:

Government of India encourages foreign investment in the automobile sector and allows 100 percent FDI under the automatic route. Some of the major initiatives taken by the Government inter alia are as follows:

- to make automobiles manufacturing the main driver of 'Make in India' initiative,
- to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, and electric vehicle and also made mandatory of 5 percent ethanol blending in petrol.
- has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020 to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country.

The Indian automotive sector has the potential to generate up to US\$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12 percent to India's Gross Domestic Product, as per the Automotive Mission Plan 2016-26 prepared jointly by the Society of Indian Automobile Manufacturers (SIAM) and Government.

SIAM expects market to expand to 6 to 8 percent during FY 2016-17.

Tractor industry:

According to a rating agency, domestic tractor volumes will be down by approximately 7 to 8 percent for the fiscal year 2016. This can be attributed to sluggish levels of demand going by the economic conditions and due to weak monsoon resulting into second straight slump year for the domestic tractor industry. There was a 13 percent decline in FY 2015.

Tractor sales fell by 13.1 percent between April 2015 to December 2015 to 4.12 lakh owing to deficient monsoon with consequent effect on rural income. Rabi crop in the first half of 2015-16 was damaged by unseasonal rains.

Tractor industry Outlook:

In the Union budget of 2015-16, the Government has announced to provide credit of ₹ 8,500 billion (US\$ 127.5 billion) to farmers, which is expected to boost the tractors segment sales.

For FY 2016-17, domestic sales are expected to rebound from the lows of 2015-16. Over the long term, tractor sales are expected to increase at a healthy pace with lowering of the replacement cycle, stable farm income, and increased focus of the Government on agricultural and rural development.

The forecast of surplus rainfall, well-distributed during the year 2016-17 after two consecutive droughts, has raised hopes of farmers. This may result in surge in rural demand after expected good harvest propelling economic growth and lead to a growth in Tractor Industry.

Increased investments in the infrastructure and investment in the rural economy should help few segments of tractor industry.

Crude oil prices:

After touching an all time low price below USD 30 per barrel, the prices have recovered around USD 39.20 per barrel.

Opec Countries lead by Saudi Arabia and Russia are trying to cap crude oil production.

B. Company Performance

Your Company achieved net sales of ₹ 11,139 Million (previous year Rs. 13,650 Million).

The profit before tax for the year under review stood at ₹ 852.26 Million as compared to ₹ 718.44 Million of the previous year after providing for depreciation and amortisation.

C. Operational Performance

Your Company sold 289,485 MT of pig iron valued at ₹ 6,231.19 Million during FY2015-16 as compared to 318,023 MT of pig iron valued at ₹ 8,436.59 Million in the previous year.

Both the Mini-blast furnaces were operational throughout the year except for stoppage for Robo-gunning for a short period for both the furnace. Further one furnace was also taken up for refractory relining for a period of 45 days from 15th February, 2016. The relining of the furnace was completed on 4th April, 2016. Your Company was able to sell the pig iron produced. The pig iron prices dropped by 18.4 percent compared to prices in April 2014 to March 2015, due to drop in the prices in the market.

The slowdown in tractor and auto industry has impacted the demand for castings. However, your Company managed to maintain sales on the strength of its 'strategic planning'.

Your Company sold 56,661 MT castings aggregating to ₹ 4,606.68 Million during FY 2015-16 as compared to 57,257 MT castings aggregating to ₹ 4,744.56 Million in the previous year.

Coke price which was at around US \$ 190 per MT at the beginning of the year came down to a level of US\$ 117 per MT by the end of the year. Rupee depreciation and the premium paid for hedging the risk resulted in higher input cost.

Your Company succeeded to keep the cost of production under check through good procurement policy and continuous cost reduction drive.

D. Cost Control

Your Company adopted following measures to reduce cost:

- increased use of sinters to reduce operational cost.
- procurement strategies for raw material and consumables.
- improvement projects through Kaizens, involvement of cross functional teams to bring cost reductions.
- Improved operational efficiencies and cost control measures at both Koppal and Solapur Plant.

E. Concerns and Threats

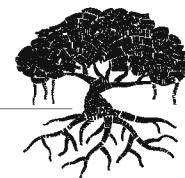
Demand for the auto and tractors have a direct impact on the performance of your Company and any adverse market condition for these sectors will result into reduced capacity utilisation and profitability.

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

F. Prospects for the Current Year

Government of Karnataka has issued tender document for participation in mines auction vide notification dated 22nd December, 2015. Your Company will participate in the e-auction to get suitable iron ore mine for its captive use depending on economic viability.

Demand for pig iron is expected to remain stable considering the growth projections by auto sector and tractor sector and infrastructure enhancement plans. Also some of the present pig iron manufacturers are diversifying to value addition products. This may give the opportunity to your Company to increase the market base.



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

Cautionary Statement

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

G. Internal Control Systems and their adequacy

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

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

H. Safety, Health and Environment

Your Company believes in "Safety First" and is committed to provide "Safe Workplace" by addressing safety, health and environment related issues. Employees are regularly trained to update their awareness and skills. New employees are being given intensive safety induction training and are being issued with "Safety Passports" related to their work area. All the statutory requirements related to safety, health and environment are being complied with. As a proactive approach, the periodical safety audit is being conducted to identify unsafe conditions and take proper safety measures. "Near Miss Report Card" has been introduced to report the near miss incidents.

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

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

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

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

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

Under ISO: 14001 and OHSAS: 18001, the following management programs have been taken-up and completed during FY2015-16 at its plant at Koppal.

1. As a part of environmental improvement project, porous fence (mesh) of 42 meters length and of 12 meters height has been erected near the crusher house area to prevent the fugitive dust emission going out to nearby settlement taking total length to 250 meters.
2. Construction of around 170 meters of concrete roads near truck tippler to prevent dust emission due to vehicular movement; till date total of 1675 meters concrete road has been provided.
3. Installation of two Continuous Stack Emission Monitoring Systems for RMHS 1 and RMHS 2 stacks for effective monitoring.

-
4. A truck mounted TPS road sweeping machine has been provided to clean the plant roads and thus reducing the dust emission.
 5. Plantation of around 5,000 tree saplings in and around the plant premises to increase the green belt taking the total tally to around 143,000.

I. Social Responsibility:

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

Rural Education:

- Company has provided school bags and note books to the students of Government Higher Primary Schools of neighboring villages.
- Coaching classes conducted for 10th standard students of 2015 batch of Bevinahalli village.
- Financial Assistance has been given to a Psychological Counselling Centre. This center has adopted 5 schools for 3 years to give guidance / address the problems of unemployed youth and students dropping out from High School education.
- Financial assistance provided to Government Higher Primary School of Bevinahalli for providing educational tour for children.

Rural Health and Hygiene:

- Implementing Kirloskar WaSH initiatives at Koppal and Solapur for eight schools (clean and beautiful school) each – 7,945 students are covered.
- Organised cancer screening camp for ladies of Bevinahalli village in coordination with Gram Sheekshana Charity Trust, Hubli.
- Organized pulse polio program in co-ordination with Health Department Koppal at Bevinahalli.
- Provided pure drinking water facility by installing Reverse Osmosis (R/O) plant in Shahapur village.
- Financial assistance given for providing free 100 nos hearing aid equipment at Jagatguru Gavisiddheshwara Ayurvedic College, Koppal.
- Arranged visit of specialist doctors to Bevinahalli village once a week and visit by Company medical officer twice a week. The Company also provided free medicines.

Community Development:

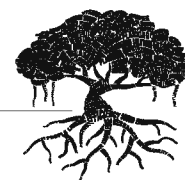
- Construction of concrete road at Bevinahalli village in various areas.
- Financial contribution given to flood victims of Chennai.
- To create environmental awareness amongst the school children, college students and general public, 4 days "Vasundhara International Film Festival" was organized in Koppal, Hospet and Solapur.

J. Human Resource

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

The Company has taken-up the following initiatives:

- In order to face the future challenges effectively the Company has initiated a programme on developing a leadership and management pipeline for the Company.
- As a part of identifying the future leaders, the Company through selection process selects young professionals for the Company level "fast trackers" scheme. The identified fast trackers are given intensive training through internal and external faculty, to help them to acquire required skills for taking up new role in the Company.



- The marketing and purchase functions have been strengthened by inducting new talent from premier 'B-School'.
- In order to upgrade the skills on continuous basis necessary training programmes i.e., technical and soft skills have been organized with the help of internal as well as external experts.
- More focus is being given to "Work Life Balance" of the employees through various initiatives.
- The action plan on feedback report on "employee engagement survey" has been chalked out. The actions undertaken through various initiatives will improve the employee engagement.
- The talented employees are continuously recognized and are motivated through rewards and awards.
- Performance of employees is monitored through an effective performance management system.

As on 31st March, 2016 the total number of salaried employees stood at 1,249. The Employer - Employee relations have been generally cordial throughout the year.

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

1. EXTRACT OF ANNUAL RETURN

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

2. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year 2015-16 six Board Meetings were convened and held, the details of which are given in Clause 2(b) of the Corporate Governance Report.

3. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards had been followed and there were no material departures;
- b) accounting policies as mentioned in Note 2 of the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual financial statements have been prepared on a going concern basis;
- e) proper internal financial controls were laid down and such internal financial controls were adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws were in place and such systems were adequate and operating effectively.

4. STATEMENT ON DECLARATION BY THE INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. NOMINATION AND REMUNERATION POLICY

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

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

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

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

The Company has granted loans aggregating to ₹ 21,859,000 during the year ended 31st March, 2016. These primarily consist of loans to employees as per the policies of the Company and loans to suppliers in the normal course of business of the Company. The closing balances of these loans are disclosed under the schedule of Loans and advances in the financial statements. The Company has not given any guarantees or made any investments during the year, which would be covered by Section 186 of the Companies Act, 2013.

8. RELATED PARTY TRANSACTIONS

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

9. STATE OF COMPANY'S AFFAIRS

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

10. AMOUNTS PROPOSED TO BE CARRIED TO RESERVES

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

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

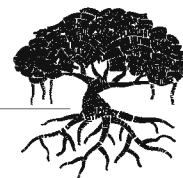
There are no adverse material changes or commitments occurring after 31st March, 2016 which may affect the financial position of the Company or may require disclosure.

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

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

13. RISK MANAGEMENT POLICY

The Company has a robust risk management framework which comprises risk governance structure and risk mitigation plans deployed to enable the Company to mitigate the risk that the Company may face in the future. The risk management processes encompass risk identification, classification, evaluation and risk mitigation and follow up across strategic, financial and operating risks faced by the Company.



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

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

14. CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

15. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other statutory committees. Performance evaluation has been carried out as per the Nomination and Remuneration Policy.

16. CHANGE IN THE NATURE OF BUSINESS

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

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

Mr. Rahul C. Kirloskar retires by rotation and being eligible, offers himself for re-appointment.

Directors appointed during the FY 2015-16

Mr. A. N. Alawani retired by rotation and was reappointed in the Annual General Meeting held on 30th July, 2015.

Key Managerial Personnel (KMP) appointed during the FY2015-16

There was no change in the Key Managerial Personnel during the financial year 2015-2016.

Directors and KMP's resigned during FY 2015-16

Mr. C. V. Tikekar ceased to be an Independent Director of the Company with effect from 13th August, 2015 on completion of his tenure.

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

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

19. DEPOSITS

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

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

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

21. INTERNAL FINANCIAL CONTROLS

The Company has strong two tier internal control framework comprising entity level controls and process level controls. The entity level controls of the Company include elements such as defined code of conduct, whistle blower policy, rigorous management reviews and MIS and strong internal audit mechanism. There are robust financial control processes with appropriate checks and balances, defined policies and procedures, defined delegation of powers with authority limits to ensure reasonable assurance with regard to financial information. Process controls deployed ensure adherence to policies and procedures, efficiency in operations and reduce risk of frauds.

Regular management oversight and rigorous periodic testing of internal controls make the internal controls environment strong in the Company. The Audit Committee along with the Management oversees results of the internal audit and implementation of action plans.

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

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year.	Please refer Annexure 'E-1'
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Please refer Annexure 'E-2'
3	The percentage increase in the median remuneration of employees in the financial year.	18.43 percent
4	The number of permanent employees on the rolls of Company.	1,249
5	The explanation on the relationship between average increase in remuneration and Company performance.	The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance vis-à-vis individual Key Performance Indicators ("KPIs"), industry trends, economic situation, future growth prospects etc. The Board believes that the increase is in line with industry.
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance vis-à-vis individual KPIs, industry trends, economic situation, future growth prospects, etc. The Board believes that the increase is in line with industry.



Sr. No.	Information Required	Input									
7	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year.	<table border="1"> <thead> <tr> <th></th><th>31/03/2016</th><th>31/03/2015</th></tr> </thead> <tbody> <tr> <td>Market Capitalisation (₹ Crores)</td><td>618</td><td>725</td></tr> <tr> <td>PE ratio</td><td>10.71</td><td>14.71</td></tr> </tbody> </table> Percentage increase in market quotations over last IPO price: Public issue of equity shares was done in March 1994 at a price of ₹ 10 per share. In comparison, the market price increase as at 31st March, 2016 is 350 percent.		31/03/2016	31/03/2015	Market Capitalisation (₹ Crores)	618	725	PE ratio	10.71	14.71
	31/03/2016	31/03/2015									
Market Capitalisation (₹ Crores)	618	725									
PE ratio	10.71	14.71									
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average percentile increase in salaries of managerial personnel: 52 percentile. Average percentile increase in salaries of non-managerial personnel: 48 percentile. The salary increases are a function of various factors like individual performance vis-à-vis individual KPIs, industry trends, economic situation, future growth prospects, etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.									
9	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company.	The individual remuneration of the Key Managerial Personnel is not directly comparable against the performance of the Company. As stated in 8 above, the salary increase is a function of various factors like individual performance vis-à-vis individual KPIs, industry trends, economic situation, future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.									
10	The key parameters for any variable component of remuneration availed by the Directors.	Remuneration to Directors includes sitting fees and commission. Sitting Fees may vary year to year based on number of meetings held during the year and the number of meetings attended by the Directors. As per the Nomination and Remuneration Policy of the Company, the amount of commission is calculated on the basis of the performance evaluation of the Directors.									
11	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.	There are no such cases.									
12	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration paid to the Directors is as per the Remuneration policy of the Company.									

Sr. No.	Information Required	Input
13	Statement showing the name of every employee of the Company, who- (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	Please refer Annexure 'F'

IV. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

The details of the policy has been uploaded at the website of the Company, viz. www.kfil.com

V. COMPOSITION OF AUDIT COMMITTEE

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

VI. AUDITORS

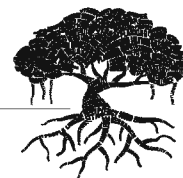
1. Statutory Auditors

M/s P. G. Bhagwat, Chartered Accountants hold office as statutory auditors till the conclusion of forthcoming annual general meeting of the Company.

M/s. P. G. Bhagwat have been statutory auditors of the Company since inception of the Company. As per the provisions of Section 139(2) of the Companies Act, 2013 no listed company shall appoint or reappoint an audit firm as auditor for more than two terms of five consecutive years and every Company existing on the commencement of the Act is required to comply with the requirements of Section 139(2) within 3 years from the date of commencement of the Act, i.e. before 1st April, 2017.

The Board of Directors of the Company have, subject to the approval of members, proposed a change in the statutory auditors to be in line with regulatory requirements.

The Company has received a certificate from M/s. Kirtane & Pandit LLP, Chartered Accountants to the effect that the appointment as statutory auditor, if made, will be in accordance with the limit specified in Section 141 of the Companies Act, 2013.



The Board has recommended the appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants to hold office for a term of 5 years from the conclusion of 25th Annual General Meeting till the conclusion of 30th Annual General Meeting.

The Board of Directors places on record its appreciation for the services rendered by M/s. P. G. Bhagwat as statutory auditor of the Company.

2. Secretarial Audit

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

3. Cost Auditor

The Board of Directors at its meeting held on 29th April, 2016 has appointed M/s. Parkhi Limaye and Co, Cost Accountants as the Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year ending 31st March, 2017.

VII. CORPORATE GOVERNANCE

The Company conforms to the norms of Corporate Governance as envisaged in the Listing Regulations with the BSE Limited. Pursuant to Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on the Corporate Governance and the Auditors Certificate on Corporate Governance are annexed to this report.

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

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

IX. APPRECIATION

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

For and on behalf of the Board of Directors

Pune : 29th April, 2016

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ANNEXURE - A

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2016
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

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

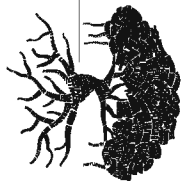
II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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



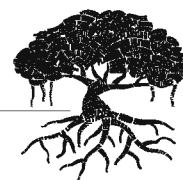
IV. SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity)

i) Category-wise Shareholding:

	Category of Shareholders	Number of shares held as at 1st April, 2015				Number of shares held as at 31st March, 2016				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A) Promoters										
(1) Indian										
a) Individual / HUF		9,139,327	-	9,139,327	6.66	9,139,327	-	9,139,327	6.66	-
b) Central Government		-	-	-	-	-	-	-	-	-
c) State Government(s)		-	-	-	-	-	-	-	-	-
d) Bodies Corporate		72,624,617	-	72,624,617	52.89	72,614,617	-	72,614,617	52.88	(0.01)
e) Banks / Financial Institutions		-	-	-	-	-	-	-	-	-
f) Any Other		-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)		81,763,944	-	81,763,944	59.55	81,753,944	-	81,753,944	59.54	(0.01)
(2) Foreign										
a) NRIs - Individuals		-	-	-	-	-	-	-	-	-
b) Other - Individuals		-	-	-	-	-	-	-	-	-
c) Bodies Corporate		-	-	-	-	-	-	-	-	-
d) Banks / Financial Institutions		-	-	-	-	-	-	-	-	-
e) Any Other		-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)		-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)		81,763,944	-	81,763,944	59.55	81,753,944	-	81,753,944	59.54	(0.01)
(B) Public shareholding										
(1) Institutions										
a) Mutual Funds / UTI		2,653,361	28,300	2,681,661	1.95	2,499,787	28,300	2,528,087	1.84	(0.11)
b) Banks / Financial Institutions		-	500	500	0.01	-	500	500	0.01	-
c) Central Government		-	-	-	-	-	-	-	-	-
d) State Government(s)		-	-	-	-	-	-	-	-	-
e) Venture Capital Funds		-	-	-	-	-	-	-	-	-
f) Insurance Companies		-	-	-	-	-	-	-	-	-
g) Foreign Institutional Investors (FII)		5,000	42,500	47,500	0.03	5,000	42,000	47,000	0.03	(0.00)
h) Foreign Venture Capital Funds		-	-	-	-	-	-	-	-	-
i) Any other (specify)		-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)		2,658,361	71,300	2,729,661	1.99	2,504,787	70,800	2,575,587	1.88	(0.11)

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

	Category of Shareholders	Number of shares held as at 1st April, 2015				Number of shares held as at 31st March, 2016				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2)	Non - Institutions									
a)	Bodies Corporate									
i)	Indian	4,927,718	535,000	5,462,718	3.98	3,811,285	534,600	4,345,885	3.17	(0.81)
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	22,142,827	4,402,329	26,545,156	19.33	19,936,921	4,319,338	24,256,259	17.66	(1.67)
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	17,891,995	22,100	17,914,095	13.04	20,343,383	-	20,343,383	14.81	1.77
c)	Others									
i)	Non - Resident Indians	1,360,933	620,540	1,981,473	1.44	766,575	607,440	1,374,015	1.00	(0.44)
ii)	Clearing Members	653,046	-	653,046	0.48	351,148	-	351,148	0.26	(0.22)
iii)	Directors and their relatives	256,988	200	257,188	0.19	210,988	200	211,188	0.15	(0.04)
iv)	Hindu Undivided Families	-	700	700	0.00	2,095,872	700	2,096,572	1.53	1.53
v)	Trusts	100	-	100	0.00	100	-	100	0.00	-
	Sub-Total (B)(2)	47,233,607	5,580,869	52,814,476	38.46	47,516,272	5,462,278	52,978,550	38.58	0.12
	Total Public Shareholding (B)=(B)(1)+(B)(2)	49,891,968	5,652,169	55,544,137	40.45	50,021,059	5,533,078	55,554,137	40.46	0.01
(C)	Shares held by Custodians for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	131,655,912	5,652,169	137,308,081	100.00	131,775,303	5,533,078	137,308,081	100.00	-


ii) Shareholding of Promoters :

Sl. No.	Shareholders Name	Shareholding as at 1st April, 2015		Shareholding as at 31st March, 2016	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Kirloskar Industries Limited	70,613,876	51.43	70,613,876	51.43
2	Kirloskar Pneumatic Company Limited	2,000,000	1.46	2,000,000	1.46
3	Jyotsna Gautam Kulkarni	1,672,602	1.21	1,672,602	1.21
4	Alpana Rahul Kirloskar	1,591,229	1.16	1,591,229	1.16
5	Arti Atul Kirloskar	1,493,865	1.09	1,493,865	1.09
6	Atul C. Kirloskar	1,427,939	1.04	1,427,939	1.04
7	Rahul C. Kirloskar	1,425,279	1.04	1,425,279	1.04
8	Gautam A. Kulkarni	1,425,278	1.04	1,425,278	1.04
9	Suman C. Kirloskar	90,535	0.07	90,535	0.07
10	Karad Projects and Motors Limited	10,000	0.01	Nil	-
11	Mrinalini Shreekant Kirloskar	6,500	0.00	6,500	0.00
12	Alok Sanjay Kirloskar	1,520	0.00	1,520	0.00
13	Gauri Kirloskar – Kolenaty	1,140	0.00	1,140	0.00
14	Aditi Atul Kirloskar	760	0.00	760	0.00
15	Rama Sanjay Kirloskar	760	0.00	760	0.00
16	Neeta Achyut Kulkarni	760	0.00	760	0.00
17	Achyut & Neeta Holdings & Finance Private Limited	541	0.00	541	0.00
18	Sanjay C. Kirloskar	380	0.00	380	0.00
19	Alika Rahul Kirloskar	380	0.00	380	0.00
20	Geetanjali Vikram Kirloskar	200	0.00	200	0.00
21	Roopa Jayant Gupta	200	0.00	200	0.00
22	Alpak Investments Private Limited	100	0.00	100	0.00
23	Navsai Investments Private Limited	100	0.00	100	0.00
	Total	81,763,944	59.55	81,753,944	59.54

Notes:

- Atul C. Kirloskar holds 1,427,179 equity shares in the individual capacity and 380 as Karta of Atul C. Kirloskar (HUF) and 380 equity shares as a Trustee of C. S. Kirloskar Testamentary Trust.
- Rahul C. Kirloskar holds 1,424,899 equity shares in the individual capacity and 380 equity shares as a Trustee of C. S. Kirloskar Testamentary Trust.
- Sanjay C. Kirloskar holds 380 equity shares as Karta of Sanjay C. Kirloskar (HUF).
- Suman C. Kirloskar holds 42,705 equity shares in the individual capacity and 47,450 equity shares as Karta of C. S. Kirloskar (HUF) and 380 equity shares as a Trustee of Vijaya Durga Devi Trust.
- Figures shown as "0.00" above are not Nil, but rounded off to 2 decimals.
- In case of joint holding, the name of the first holder is considered.
- No shares of promoters have been pledged or encumbered as of 1st April, 2015 or 31st March, 2016 or during the year ended 31st March, 2016.

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

Karad Projects and Motors Limited, a Promoter Group Company has sold 10,000 equity shares held in the Company on 29th March, 2016.

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

Shareholding pattern of top ten shareholders as at 1st April, 2015:

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

Shareholding pattern of top ten shareholders as at 31st March, 2016:

Sl. No.	Name of Shareholder	Number of shares	% of total shares of the Company
1	Arun Nahar	2,649,897	1.93
2	DSP Blackrock Micro Cap Fund	2,499,787	1.82
3	Jagdish Amritlal Shah	1,283,530	0.93
4	Anju Ajay Saraf	761,042	0.55
5	Vallabh Bhanshali	675,000	0.49
6	Aadi Financial Advisors LLP	675,000	0.49
7	Shaunak Jagdish Shah	580,150	0.42
8	Beautiful Diamonds Limited	500,000	0.36
9	Ajay Sheth	462,492	0.34
10	Zafar Ahmadullah	425,000	0.31

Notes:

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


v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sl. No.	Name of Director	Shareholding as at 1st April, 2015		Shareholding as at 31st March, 2016	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	Mr. Atul C. Kirloskar	1,427,939	1.04	1,427,939	1.04
2	Mr. Rahul C. Kirloskar	1,425,279	1.04	1,425,279	1.04
3	Mr. R. V. Gumaste	139,021	0.10	99,021	0.07
4	Mr. A. N. Alawani	35,000	0.03	35,000	0.03
5	Mr. S. N. Inamdar	11,100	0.01	11,100	0.01
6	Mr. A. R. Jamenis	3,400	0.00	3,400	0.00
7	Mr. S. G. Chitnis	3,100	0.00	3,100	0.00
8	Mrs. Nalini Venkatesh	10,600	0.01	10,600	0.01
9	Mr. B. S. Govind	200	0.00	200	0.00
10	Mr. R. Sampath Kumar	Nil	--	Nil	--
11	Mr. C. V. Tikekar	6,000	0.00	N. A.	--

Notes :

- Mr. C. V. Tikekar has ceased to be a Director of the Company with effect from 13th August 2015.
- Details of changes in the shareholding of Mr. R. V. Gumaste during the year are as under:

Particulars	Number of shares	% to total shares of the Company
As at 1st April, 2015	139,021	0.10
Sale of equity shares through open market on 31st December, 2015	40,000	0.03
As at 31st March, 2016	99,021	0.07

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

Shareholding of Key Managerial Personnel:

Sl No	Name of Key Managerial Person	Shareholding as on 1st April, 2015		Shareholding as on 31st March, 2016	
		Number of shares	% to total shares of the Company	Number of shares	% to total shares of the Company
1	Mr. R. V. Gumaste Managing Director	139,021	0.10	99,021	0.07
2	Mr. C. S. Panicker Company Secretary	-	-	-	-
3	Mr. R. S. Srivatsan Chief Financial Officer	-	-	-	-

Note :

Details of changes in the shareholding of Mr. R. V. Gumaste are as per Note 2 to Clause (v) above.

V. INDEBTEDNESS

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

(Amount in ₹)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness as at 1st April, 2015				
i) Principal amount	1,177,293,598	150,000,000	-	1,327,293,598
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,050,174	-	-	4,050,174
Total (i+ii+iii)	1,181,343,772	150,000,000	-	1,331,343,772
Change in indebtedness during the financial year				
- Addition in others #	24,287,543	2,013,699	-	26,301,242
- Addition/(reduction) in cash credit accounts*	73,617,289	183,844,820	-	257,462,109
- (Reduction in loans other than cash credit)	(380,598,351)	(152,013,699)	-	(532,612,050)
Net change	(282,693,519)	33,844,820	-	(248,848,699)
Indebtedness as at 31st March, 2016				
i) Principal amount	898,601,201	183,844,820	-	1,082,446,021
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	49,052	-	-	49,052
Total (i+ii+iii)	898,650,253	183,844,820	-	1,082,495,073

Represents interest accrued during the year on term loan and buyers credit.

* Represents the difference between the closing and opening balances in the cash credit/over draft accounts.


VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole Time Directors and/or Manager :

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	10,487,691
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	82,953
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as percentage of profit	24,000,000
	- others	-
5.	Others	-
	Total (A)	34,570,644
	Ceiling as per the Act	44,636,357

B. Remuneration to other Directors :

(Amount in ₹)

Sl. No.	Name of Director	Particulars of Remuneration			Total Amount
		Fees for attending board/ committee meetings	Commission	Others	
1.	Independent Directors				
	Mr. S. N. Inamdar	110,000	860,000	-	970,000
	Mr. A. R. Jamenis	150,000	860,000	-	1,010,000
	Mr. S. G. Chitnis	130,000	860,000	-	990,000
	Mr. C. V. Tikekar	50,000	170,000	-	220,000
	Mrs. Nalini Venkatesh	50,000	350,000	-	400,000
	Mr. B. S. Govind	60,000	410,000	-	470,000
	Mr. R. Sampath Kumar	90,000	710,000	-	800,000
	Total (1)	640,000	4,220,000	-	4,860,000
2.	Other Non Executive Directors				
	Mr. Atul C. Kirloskar	90,000	410,000	-	500,000
	Mr. Rahul C. Kirloskar	70,000	410,000	-	480,000
	Mr. A. N. Alawani	140,000	860,000	-	1,000,000
	Total (2)	300,000	1,680,000	-	1,980,000
	Total (B)=(1+2)	940,000	5,900,000	-	6,840,000
	Ceiling as per the Act				8,927,271
	Total Managerial Remuneration				43,497,915
	Overall Ceiling as per the Act				53,563,628

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Company Secretary	CFO	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	5,530,301	5,873,815	11,404,116
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	106,786	107,599	214,385
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as percentage of profit	-	-	-
	- others	-	-	-
5.	Others	-	-	-
	Total	5,637,087	5,981,414	11,618,501

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

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

ANNEXURE “B”

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

I. INTRODUCTION

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

The policy envisages the framework for nomination, remuneration and evaluation of Board of Directors, Key Managerial Personnel and Senior Management Personnel in accordance with provisions of Companies Act, 2013 ('the Act'), including rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

II. DEFINITIONS

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



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

III. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SMP

1. The Committee shall consider criteria such as qualifications, skills, expertise and experience of the person to be appointed as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
2. The age of person to be appointed as a Non Executive Director shall not be less than 21 years and more than 75 years. The Committee at its discretion may recommend to the Board continuation of director for further term of appointment who has completed 75 years.

The age of person to be appointed as an Executive Director shall not be less than 21 years and not more than 70 years.
3. The Company should ensure that the person so appointed as Director is not disqualified under the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force.
4. The Director/ Independent Director / KMP / Senior Management Personnel shall be appointed as per the provisions and procedure laid down under the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force.
5. The Committee may recommend to the Board for removal of a Director on account of any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground. The Committee may also recommend to the Board for removal of KMP or SMP subject to the provisions and compliance of the applicable Act, rules and regulations.
6. Term and tenure of a Director shall be in accordance with the provisions of the Companies Act, 2013, rules thereof and the Listing Regulations as amended from time to time.

IV. BOARD DIVERSITY

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

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

V. REMUNERATION OF DIRECTOR, KMP AND SMP

A) DIRECTORS

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

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

i. EXECUTIVE DIRECTORS:

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

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

The remuneration components shall include inter alia :

a. Fixed salary:

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

Option 1 : The salary may be reviewed annually.

or

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

b. Commission:

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

c. Non-monetary benefits:

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

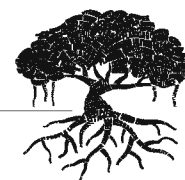
Executive Director may also be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance or any other benefit as per Company policy.

d. Separation / Retirement benefits :

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

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

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

**ii. NON-EXECUTIVE DIRECTORS:**

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

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

a. Sitting fees :

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

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

b. Commission :

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

c. Professional fees :

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

B) KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

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

The remuneration components payable to KMP / SMP may be:

a. Fixed salary :

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

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

b. Variable pay :

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

c. Perquisites / Other Benefits:

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

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

d. Annual Pay Revision / Promotion

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

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

e. Separation / Retirement benefits:

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

C) DIRECTORS AND OFFICERS LIABILITY INSURANCE :

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

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

D) STOCK OPTIONS :

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

VI. CRITERIA FOR EVALUATION OF BOARD

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

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

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

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

VII. AMENDMENT

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



ANNEXURE "C"

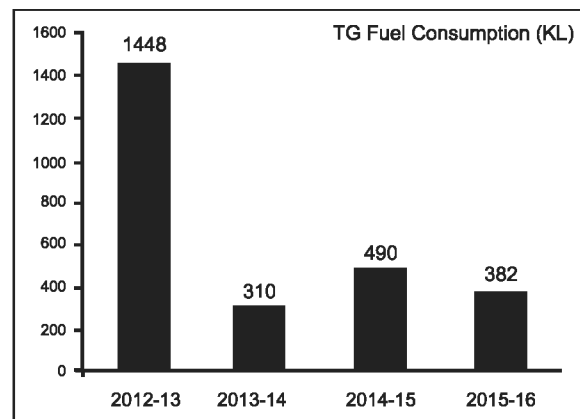
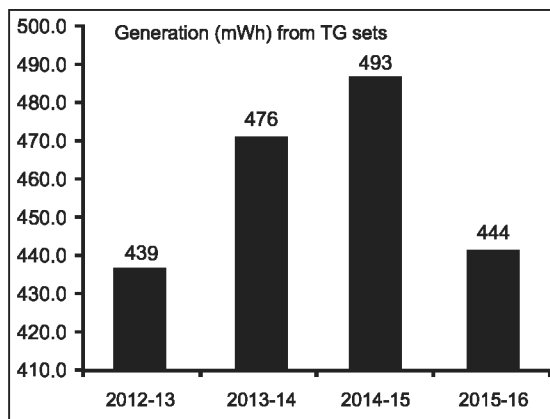
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken during the FY 2015-2016 :

- 1 Installation of 40 KW Solar power plant for new administrative building at Koppal Plant.
- 2 Installation of 3500 CFM centrifugal compressors at plant level.
- 3 Installation of energy efficient motors with variable frequency drives for the new MBF cast house fume extraction systems.
- 4 Use for star rating product for air conditioners, ceiling fans and tube lights in all utilities area.
- 5 Power trading through Indian Energy Exchange resulting in lower power cost.
- 6 Replacement of old motors with energy efficient motors.
- 7 Robo gunning with modified box coolers in MBF1 to achieve reduction in coke consumption.
- 8 MBF 2 Relining with carbon lining to achieve reduction in coke consumption.
- 9 Reduction in power import from diesel generator sets by doing proper redistribution of loads and thereby utilising the Turbo Generator Power for Compressor operation System.
- 10 Purchase of renewable energy certificates from Indian Energy Exchange.
- 11 Reduction in power import from grid by doing proper redistribution of loads and thereby utilising the TG Power for Sinter plant crusher house load.
- 12 Reduction in Furnace oil by converting Core drying oven in Solapur plant from furnace oil into LPG.

Figures of power generation:



TG Generation has reduced in 2015-16 due to MBF 2 relining and MBF1 Robo gunning shut down.

b) Proposals for the year 2016-2017:

- 1 Installation of 1 MW solar power plant.
- 2 Replacement of old pumps with energy efficient pumps at plant level .
- 3 Replacement of old motors with energy efficient motors.
- 4 Plant level energy audit.
- 5 Improvement in PF 0.99 to Unity at Solapur plant by modification in capacitor.
- 6 Changing the lighting in shop area from CFL /40 watt tube light to LED lighting.
- 7 Reduction in power import from grid by doing proper redistribution of loads and thereby utilising the TG Power.
- 8 Technical upgradation of MBF I.
- 9 Power procurement through open access.
- 10 Purchase of renewable energy certificates from Indian Energy Exchange.

c) Impact of the above measures:

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

B. TECHNOLOGY ABSORPTION:

- a. Successfully developed EURO – VI engine blocks and engine heads.
- b. Use of graphite bricks for the hearth to increase the refractory life of the Mini Blast Furnace.
- c. Use of simulation for the effective and efficient casting development.
- d. Use of robotic facilities for improved productivity and finish of castings.
- e. Use of new generation manipulator shot blasting technology for superior surface finish of castings.
- f. Use of principles of Theory of Constraints for improvement of supply chain management thereby improved on time delivery to customers.
- g. Use of RFID technology for vehicle movement controls inside the Company.
- h. Upgradation of moulding line PLC from step – 5:135U to Step – 7:300.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	(₹ in Million)
Earnings	-
Outgo	1,156.69

D. RESEARCH AND DEVELOPMENT :

The Company has established Research and Development Centre at Koppal Plant with the following objectives:

- To focus on development of new products and processes related to all types of grey iron, SG iron castings.
- Improvement of productivity by making improvement in existing processes including changes in design of moulds / patterns.
- To act as catalyst to enhance faster development of new product and product quality driven by innovation through customer centricity.
- To develop new product by understanding the future market needs in technology and carrying continuous innovations.
- Continual improvement to become cost competitive.

An amount of Rs. 77.30 Million has been incurred in connection with the Research and Development during the financial year 2015–2016.

ANNEXURE “D”

ANNUAL REPORT ON CSR ACTIVITIES

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

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



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

Details of expenditure on CSR activities is as follows:

Average net profit of the Company for the financial years 2012–2013, 2013–2014 and 2014–2015	₹ 646,275,922
Prescribed CSR expenditure (2% of the average net profit computed above)	₹ 12,925,518
Total amount spent on CSR activities for the financial year 2015-2016	₹ 13,013,347
Amount unspent, if any	Nil

Manner in which the amount spent during the financial year 2015-2016 is detailed below :

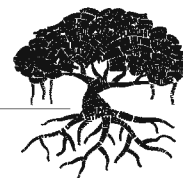
Sr No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs. 2) Overheads (₹ In Lacs)	Cumulative expenditure up to the reporting period (₹ In Lacs)	Amount spent (Direct or through implementing agency) (₹ In Lacs)
1	Rural education, financial assistance to school children, scholarships, infrastructure for schools, providing stationary to the students, conducting vocational education and coaching classes, soft skill and personality development training	Education	Bevinahalli (Karnataka), Koppal (Karnataka), Lingadahalli (Karnataka), Guddadahalli (Karnataka), Hospet (Karnataka), Pune (Maharashtra).	Amount not specified	94.97	94.97	94.97 Partially direct and partially through trust.
2	Environment Awareness programmes, programmes on energy conservation	Environment	Solapur (Maharashtra), Hospet (Karnataka), Koppal (Karnataka).	Amount not specified	5.06	5.06	5.06 Through trust.

Sr No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs. 2) Overheads (₹ In Lacs)	Cumulative expenditure up to the reporting period (₹ In Lacs)	Amount spent (Direct or through implementing agency) (₹ In Lacs)
3	Clean drinking water to villages, Construction of toilets, Community health, cleanliness drives, hygiene awareness programmes, cancer screening camps, alcoholic addiction eradicating camps, counselling etc.	Health	Bevinahalli (Karnataka), Koppal (Karnataka), Hospet (Karnataka), Solapur (Maharashtra), Shahapur Village (Karnataka).	Amount not specified	12.04	12.04	12.04 Through trust.
4	Construction of roads, construction of drainages, construction and renovation of toilet blocks, construction of rural infrastructure construction of temples.	Rural Development	Bevinahalli (Karnataka), Koppal (Karnataka), Hospet (Karnataka), Lingadahalli (Karnataka), Rudrapur Village (Karnataka).	Amount not specified	18.06	18.06	18.06 Through trust.
					130.13	130.13	130.13

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

sd/-
Rahul C. Kirloskar
Chairman of the CSR Committee
DIN : 00007319

sd/-
R. V. Gumaste
Managing Director
DIN : 00082829



ANNEXURE “E-1”

Sr. No.	Name of the Director	Ratio of remuneration of each director to the median remuneration of the employees of the Company
1	Mr. Atul Chandrakant Kirloskar	1.84
2	Mr. Rahul Chandrakant Kirloskar	1.77
3	Mr. Ravindranath Venkatesh Gumaste	127.38
4	Mr. Shrikrishna Narhar Inamdar	3.57
5	Mr. Anil Narayan Alawani	3.68
6	Mr. Ashok Ramkrishna Jamenis	3.72
7	Mr. Sudhakar Ganesh Chitnis	3.65
8	Mrs. Nalini Venkatesh	1.47
9	Mr. Sampathkumar Rangachary	2.95
10	Mr. Bindiganavale Sreenivasan Govind	1.73
11	Mr. Chintaman Vishwanath Tikekar **	Not Applicable

Note:

** Mr. Chintaman Vishwanath Tikekar ceased to be a Director with effect from 13 August, 2015.

ANNEXURE “E-2”

Sr. No.	Name of the Director/KMP	Designation	% Increase/(Decrease) in the Remuneration
1	Mr. Atul Chandrakant Kirloskar	Director	14
2	Mr. Rahul Chandrakant Kirloskar	Director	9
3	Mr. Ravindranath Venkatesh Gumaste	Managing Director and KMP	15
4	Mr. Shrikrishna Narhar Inamdar	Director	3
5	Mr. Anil Narayan Alawani	Director	4
6	Mr. Ashok Ramkrishna Jamenis	Director	3
7	Mr. Sudhakar Ganesh Chitnis	Director	4
8	Mrs. Nalini Venkatesh*	Director	Not Applicable
9	Mr. Sampathkumar Rangachary*	Director	Not Applicable
10	Mr. Bindiganavale Sreenivasan Govind*	Director	Not Applicable
11	Mr. Chintaman Vishwanath Tikekar**	Director	Not Applicable
12	Mr. R. S. Srivatsan	KMP	7
13	Mr. C. S. Panicker	KMP	11

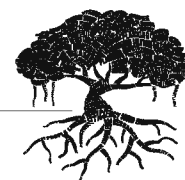
Note:

* These were Directors for part of the previous year.

** Mr. Chintaman Vishwanath Tikekar ceased to be a Director with effect from 13 August, 2015.

ANNEXURE “F”

Sr. No.	Name of the Employee	Designation	Remuneration received	Nature of employment whether contractual or otherwise	Qualification	Experience	Date of commencement of employment	Age	Last Employment held before joining	Percentage of equity shares held	Whether any such employee is relative of any Director and if so name of such Director
1	Mr. R. V. Gumaste	Managing Director	34,570,644	Regular Employee	B. Tech (Met.)	36 Years	8th November, 2001	58	Chief Executive (Works) - Indian Seamless Metal Tubes Limited	0.07	-
2	Mr. N. B. Ektare	Chief Operating Officer	7,702,144	Regular Employee	B.E. (Elec.)	33 Years	12th January, 1994	56	Manager - Electrical - Usha Ispat Limited	-	-

**ANNEXURE "G"****SECRETARIAL AUDIT REPORT**

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

To,
The Members of
KIRLOSKAR FERROUS INDUSTRIES LIMITED,
13, Laxmanrao Kirloskar Road, Khadki,
Pune 411003.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIRLOSKAR FERROUS INDUSTRIES LIMITED**, hereinafter called the Company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; [No incidence during the audit period, hence not applicable]
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;- [No incidence during the audit period, hence not applicable]
 - (d) The Securities and Exchange Board of India (Share Based Employee benefits) Regulations, 2014 [No incidence during the audit period, hence not applicable]
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [No incidence during the audit period, hence not applicable]
 - (f) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; [No incidence during the audit period, hence not applicable]
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; [No incidence during the audit period, hence not applicable]
- (vi) No other law is applicable specifically to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India [notified w.e.f. 1st July, 2015].
- (ii) The existing Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) w.e.f. 1st December, 2015 entered into by the Company with BSE Limited.

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

I further report that,

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except that the board meetings held on 24 February 2016 and 10 March 2016 were convened at a shorter notice to transact the urgent business. However, both meetings were duly held in compliance with provisions of the Companies Act, 2013, rules thereof and the Secretarial Standard 1 issued by the Institute of Company Secretaries of India) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

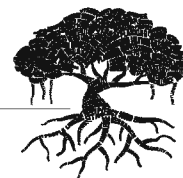
All the decisions in the Board meeting were taken unanimously during the audit period.

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

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

Date : 29th April, 2016
Place : Pune

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



REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')]

1. Company's philosophy on Code of Governance

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

2. Board of Directors

(a) Composition of the Board

The Board of Directors comprised of ten Directors as on 31st March, 2016. Out of these, there is one Managing Director, three Non Independent Directors and six Independent Directors, which includes one woman Director.

The Board of Directors is duly constituted pursuant to the provisions of Section 149 of the Companies Act, 2013 and Regulation 17(1) of the Listing Regulations.

(b) Number of Board meetings

During the financial year 2015-2016, six meetings of the Board of Directors were held on 28th April, 2015; 30th July, 2015; 26th October, 2015; 28th January, 2016, 24th February, 2016 and 10th March, 2016.

(c) Directors' attendance record

Details on composition and category of Directors, attendance of each Director at the meeting of the Board of Directors, number of other Board of Directors or committees in which a Director are a member or chairperson are as under –

Category of Directors and Name of Director	Financial Year 2015-2016		Number of Directorships in other public limited companies incorporated in India	Committee positions held in other public limited companies	
	Board Meetings held	Board Meetings attended		Member	Chairman
Promoter Directors (Non Executive)					
Mr. Atul C. Kirloskar Chairman	6	6	5	Nil	Nil
Mr. Rahul C. Kirloskar Vice Chairman	6	6	4	3	Nil
Managing Director (Executive)					
Mr. R. V. Gumaste	6	6	Nil	Nil	Nil
Non Independent Director (Non Executive)					
Mr. A. N. Alawani	6	6	3	2	2
Independent Directors (Non Executive)					
Mr. S. N. Inamdar	6	6	6	2	3
Mr. A. R. Jamenis	6	6	Nil	Nil	Nil
Mr. S. G. Chitnis	6	6	Nil	Nil	Nil
Mr. B. S. Govind	6	6	Nil	Nil	Nil
Mr. R. Sampath Kumar	6	5	1	Nil	Nil
Mrs. Nalini Venkatesh	6	5	Nil	Nil	Nil

All Directors were present at the Annual General Meeting of the members held on 30th July, 2015.

Notes :

1. Directorships held in foreign companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956 / under Section 8 of the Companies Act, 2013 have not been considered.
2. For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders Relationship Committee are considered.
3. Mr. C. V. Tikekar ceased to be a Director with effect from 13th August, 2015 on expiry of his tenure. During the financial year 2015–2016, he attended two Board Meetings and the Annual General Meeting prior to his cessation as Director.

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

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

Statement showing number of equity shares of the Company held by the Directors as on 31st March, 2016 :

Name of Director	Equity Shares of ₹ 5 each
Mr. Atul C. Kirloskar	1,427,939
Mr. Rahul C. Kirloskar	1,425,279
Mr. R. V. Gumaste	99,021
Mr. S. N. Inamdar	11,100
Mr. A. N. Alawani	35,000
Mr. A. R. Jamenis	3,400
Mr. S. G. Chitnis	3,100
Mr. B. S. Govind	200
Mr. R. Sampath Kumar	Nil
Mrs. Nalini Venkatesh	10,600

Meeting of Independent Directors :

The meeting of Independent Directors was held on Thursday, 28th January, 2016 to discuss, inter-alia :

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

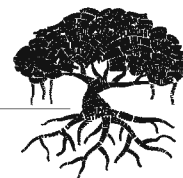
All Independent Directors were present at the meeting.

Criteria for performance evaluation of Directors is specified under the heading Nomination and Remuneration Committee mentioned in item 4 below.

Familiarization programme for Independent Directors :

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

The Company has conducted various familiarization programmes and presentations for Independent Directors. Details of familiarisation programmes and presentations made are disclosed on the website of the Company, viz. www.kfil.com



3. Audit Committee

(a) Composition

The Audit Committee comprises of five Directors, out of which four are Independent Directors. Mr. S. N. Inamdar, an Independent Director is the Chairman of the Audit Committee. Other Members of the Committee are Mr. A. R. Jamenis; Mr. S. G. Chitnis; Mr. A. N. Alawani and Mr. R. Sampath Kumar.

The Company Secretary acts as the Secretary of the Committee.

During the financial year 2015-2016, five Audit Committee meetings were held on 28th April, 2015; 30th July, 2015; 26th October, 2015; 28th January, 2016 and 24th February, 2016.

The details of attendance by Committee Members are as follows –

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. S. N. Inamdar	Independent and Non – Executive	5	5
Mr. A. R. Jamenis	Independent and Non – Executive	5	5
Mr. S. G. Chitnis	Independent and Non – Executive	5	5
Mr. A. N. Alawani	Non–Independent and Non–Executive	5	5
Mr. R. Sampath Kumar	Independent and Non – Executive	5	4

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

Mr. S. N. Inamdar, Chairman of the Audit Committee, was present at the 24th Annual General Meeting of the Company held on Thursday, 30th July, 2015.

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

The Audit Committee has been vested with the following powers :

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

(b) Terms of Reference

The terms of reference of the Audit committee include the matters specified in Part II of Schedule II of the Listing Regulations as well as those specified in Section 177 of the Companies Act, 2013 and inter-alia, includes the following –

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Examination of the financial statement and the auditor's report thereon.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

- Reviewing with the Management, the annual financial statements and auditors' report thereon before submission to the Board, for approval, with particular reference to :
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of Sub-Section 3 of Section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Modified opinions in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the statement of uses / applications of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- Reviewing the following information :
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions submitted by the Management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses and
 - e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.
 - f. Statement of deviations :
 - i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - ii. Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).
- Carrying out any other function as mentioned in terms of reference of the Audit Committee, as amended from time to time by the Companies Act, 2013 and the Listing Regulations.



4. Nomination and Remuneration Committee

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

Mr. A. R. Jamenis, an Independent Director is the Chairman of the Nomination and Remuneration Committee. Other Members of the Committee are Mr. Atul C. Kirloskar, Mr. A. N. Alawani and Mr. S. G. Chitnis.

The Company Secretary acts as the Secretary of the Committee.

During the financial year 2015-2016, one meeting of the Nomination and Remuneration Committee was held on 28th April, 2015.

The details of attendance by Committee Members are as follows –

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

Notes :

1. Mr. S. G. Chitnis has been appointed as a Member of the Nomination and Remuneration Committee with effect from 30th July, 2015.
2. Mr. C. V. Tikekar has ceased to be a Member of the Nomination and Remuneration Committee with effect from 30th July, 2015.

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

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

- (a) identify persons, who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down,
- (b) recommend to the Board the appointment and/or removal of Directors and senior management,
- (c) carry out evaluation of every Director's performance,
- (d) formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel, senior management personnel and other employees,
- (e) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (f) devising a policy on diversity of board of directors;
- (g) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal,
- (h) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (i) perform such functions as may be assigned by the Board of Directors from time to time, and
- (j) perform such functions as required as per the provisions of the Companies Act, 2013, rules thereof and the Listing Regulations.

Criteria for performance evaluation of Directors :

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

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

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

5. Remuneration of Directors

a) Remuneration to Managing Director

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

The Members at the Twenty Second Annual General Meeting held on 26th July, 2013 approved the re-appointment and the terms of remuneration of Mr. R. V. Gumaste as the Managing Director for a period of 5 years with effect from 1st July, 2013. The Company had entered into an agreement dated 8th May, 2013 with the Managing Director for a period of 5 years. No notice period and severance fees have been prescribed in the agreement.

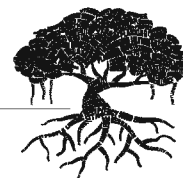
Pursuant to the terms of the aforesaid agreement, the Board of Directors at its meeting held on 28th April 2015 has revised the basic salary from ₹ 5,00,000 to ₹ 5,50,000 per month payable to Mr. R. V. Gumaste, Managing Director with effect from 1st April, 2015, upon the recommendation of the Nomination and Remuneration Committee. All other terms and conditions of the agreement remain unchanged.

Details of remuneration, by payment and provision, to Mr. R. V. Gumaste, Managing Director, for the financial year 2015–2016 are as follows –

Particulars	Amount ₹
Salary	7,440,000
Leave Travel Assistance	90,000
Perquisites	82,953
Commission	24,000,000
Contribution to Provident Fund	792,000
Contribution to Superannuation Fund	990,000
Gratuity	1,109,870
Leave Encashment	65,821
Total	34,570,644

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

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

**b) Remuneration to Non Executive Directors**

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

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

Details of commission payable to Non Executive Directors for the financial year 2015–2016 are as follows :

Name of Director	Amount ₹
Mr. Atul C. Kirloskar	410,000
Mr. Rahul C. Kirloskar	410,000
Mr. A. R. Jamenis	860,000
Mr. S. N. Inamdar	860,000
Mr. S. G. Chitnis	860,000
Mr. A. N. Alawani	860,000
Mr. B. S. Govind	410,000
Mr. R. Sampath Kumar	710,000
Mrs. Nalini Venkatesh	350,000
Mr. C.V. Tikekar	170,000
Total	5,900,000

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

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

Payment of Sitting Fees to Non Executive Directors

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

Sitting Fees paid to Non Executive Directors during financial year 2015–2016 are as under :

Name of Director	Amount ₹
Mr. Atul C. Kirloskar	90,000
Mr. Rahul C. Kirloskar	70,000
Mr. A. R. Jamenis	150,000
Mr. S. N. Inamdar	110,000
Mr. S. G. Chitnis	130,000
Mr. A. N. Alawani	140,000
Mr. B. S. Govind	60,000
Mr. R. Sampath Kumar	90,000
Mrs. Nalini Venkatesh	50,000
Mr. C.V. Tikekar	50,000
Total	940,000

6. Stakeholders Relationship Committee

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

Mr. Atul C. Kirloskar acts as the Chairman of the committee. The committee has been constituted to consider and resolve the grievances of the security holders of the Company, including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

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

The Compliance Officer can be contacted at –

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

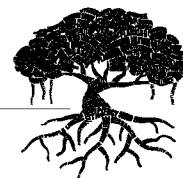
The Company has designated an exclusive email ID investor@kfil.com for the investors to register their grievances, if any. The Company has also displayed the said email ID on its website for the use of investors.

The total number of complaints received and redressed during the year ended 31st March, 2016 were 7 and there was no complaint pending as on 31st March, 2016.

7. General Body Meetings

Details of last three Annual General Meetings held :

Annual General Meeting	Financial Year	Date, Time and Place
22nd Annual General Meeting	2012 – 2013	26th July, 2013 12 Noon. MDC Auditorium, Yashwantrao Chavan Academy of Development Administration, Raj Bhavan Complex, Near Sakal Nagar, Baner Road, Pune 411007.
No special resolution was passed.		
23rd Annual General Meeting	2013 – 2014	13th August, 2014 11.30 a.m. Pudumjee Hall, Maharashtra Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002.
Three special resolutions were passed : 1. Authority to the Board of Directors pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 for borrowing money upto ₹ 200 Crores over and above the aggregate of paid up share capital and free reserves of the Company. 2. Authority to the Board of Directors pursuant to provisions of Section 180(1)(a) of the Companies Act, 2013 to create mortgage and/or charge on all or any of the immovable properties of the Company to secure the terms loans and/or the working capital facilities granted / to be granted to the Company upto a sum of ₹ 500 Crores. 3. Approval to amend existing Article 73 of the Articles of Association of the Company.		



Annual General Meeting	Financial Year	Date, Time and Place
24th Annual General Meeting	2014 – 2015	30th July, 2015 12 Noon Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002.
No special resolution was passed.		

No special resolution was passed through the postal ballot during the financial year 2015- 2016.

8. Means of Communication

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

Quarterly and half yearly results are published in national and local dailies such as Financial Express (English newspaper) and Loksatta (Marathi newspaper), having wide circulation. Since the results of the Company are published in national and regional newspapers, the results are not sent individually to each member.

The financial results and official news releases of the Company are also displayed on the website of the Company, viz, www.kfil.com

9. General Shareholders' Information

Day, Date and Time	Thursday, 28th July, 2016 at 12.00 noon
Venue	Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002.
Financial Year	1st April, 2015 to 31st March, 2016 During the year under review, the results were announced as under – First Quarter 30th July, 2015 Second Quarter 26th October, 2015 Third Quarter 28th January, 2016 Annual 29th April, 2016
Dates of Book Closure	19th July, 2016 to 28th July, 2016 (Both days inclusive).
Dividend payment date	Interim Dividend was paid on 29th March, 2016.
Listing on stock exchange	BSE Limited, P. J. Towers, Dalal Street, Fort, Mumbai 400001.
Stock Code	500245
ISIN	INE 884B01025

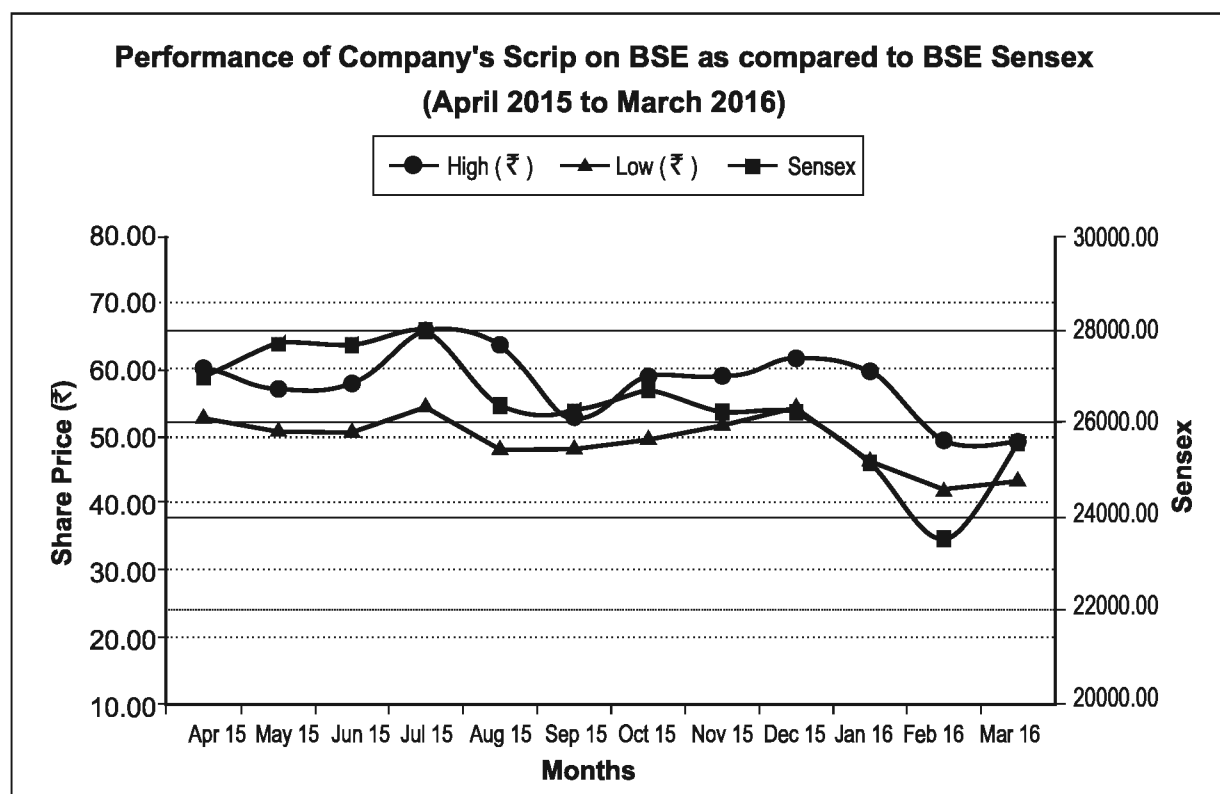
The annual listing fees for the financial year 2015–2016 have been paid to the BSE Limited and there is no amount outstanding as on date.

Market Price Data

Monthly high / low prices of equity share on the BSE Limited during the financial year 2015–2016 are as follows :

Year	Month	High (₹)	Low (₹)
2015	April	60.50	52.50
	May	57.00	49.90
	June	57.75	50.00
	July	67.00	54.10
	August	64.50	47.00
	September	52.00	47.00
	October	59.00	48.50
	November	59.00	51.25
	December	62.10	54.00
2016	January	59.95	44.75
	February	48.10	39.75
	March	47.90	41.50

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



**Registrar and Share Transfer Agent -**

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

The Registrar and Share Transfer Agent can be contacted at –

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

Share Transfer System

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

Distribution of Shareholding as on 31st March, 2016

Nominal Value of Shares (₹)		Shareholders		Shares	
From	To	Number	Percentage to Total	Number	Percentage to Total
1	5,000	59,073	93.63	11,423,361	8.32
5,001	10,000	1,393	2.21	2,234,076	1.63
10,001	20,000	1,051	1.66	3,161,961	2.30
20,001	30,000	528	0.84	2,653,100	1.93
30,001	40,000	234	0.37	1,678,833	1.22
40,001	50,000	206	0.33	1,936,848	1.41
50,001	100,000	328	0.52	4,760,319	3.47
100,001 and above		279	0.44	109,459,583	79.72
Total		63,092	100.00	137,308,081	100.00

Shareholding Pattern as on 31st March, 2016

Category	Number of Shares	Percentage of Shareholding
Promoters and Promoters Group	81,753,944	59.54
Financial Institutions	NIL	NIL
Nationalised Banks	500	0.00
Non Resident Indians	1,374,015	1.00
Mutual Funds	2,528,087	1.84
Foreign Institutional Investors	47,000	0.03
Domestic Companies	4,345,885	3.17
Trusts	100	0.00
Directors and their relatives	211,188	0.15
General Public	47,047,362	34.27
Total	137,308,081	100.00

Equity Shares in electronic form

As on 31st March, 2016, 95.97 percent of paid-up equity share capital of the Company was held in electronic form.

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

There are no convertible instruments outstanding as on 31st March, 2016 for conversion into equity shares.

Commodity price risk or foreign exchange risk and hedging activities

During the financial year 2015-2016, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. The details of foreign currency exposure are disclosed in Note No. 38 forming part of the Financial Statements.

Plant Locations

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

Address for correspondence

Kirloskar Ferrous Industries Limited 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003 Tel (020) 66084664 direct Fax (020) 25813208 / 25810209	Link Intime India Private Limited Akshay Complex, Block No 202, Second Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune 411001 Tel No. (020) 26161629 / 26163503 Fax No. (020) 26163503 Email : pune@linkintime.co.in
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10. Other Disclosures

a) Related Party Transactions

During the financial year, there were no materially significant transactions with the related parties. The Board of Directors has adopted the policy on related party transactions. The copy of the same has been uploaded and is available at the website of the Company, viz. www.kfil.com

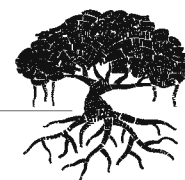
- b) There have been no instances of non-compliance by the Company on any matters related to capital markets during last three years. Neither penalties nor any strictures have been imposed on the Company by the Stock Exchange, SEBI or any other statutory authority, on any matter related to capital markets.

c) Vigil Mechanism / Whistle Blower Policy

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

The details of the policy has been uploaded at the website of the Company, viz. www.kfil.com

- d) The Company has no subsidiary company. Hence, no policy for determining material subsidiaries is adopted.

**e) Details of the Cost Auditor**

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

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

The Cost Audit Report for the financial year ended 31st March, 2015 has been filed with the Central Government on 29th September, 2015.

- f) The Management Discussion and Analysis Report forms part of the Annual Report and is in accordance with the requirements laid out in Schedule V of the Listing Regulations.
- g) The status of adoption of non-mandatory requirements as specified in sub-regulation 1 of Regulation 27 of the Listing Regulations are as follows :
- The Board :**
Mr. Atul C. Kirloskar is Non Executive Chairman. The Company does not bear the expenses for maintaining the office of the Chairman.
 - Shareholder Rights:**
As the quarterly and half yearly financial results are published in the newspapers and are also posted on the website of the Company, viz. www.kfil.com the same are not being sent to the shareholders.
 - Modified opinion(s) in audit report:**
The Financial Statements of the Company for the financial year ended 31st March, 2016 does not contain any modified audit opinion.
 - Separate posts of Chairperson and CEO :**
The Chairman of the Board is a Non Executive Director and his position is separate from that of the Managing Director.
 - Reporting of Internal Auditor :**
The Internal Auditors report to the Audit Committee and have direct access to the Audit Committee.

CEO / CFO Certification

A certificate signed by the Managing Director and the Chief Financial Officer confirming compliance of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the meeting of the Board of Directors held on 29th April, 2016.

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

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

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

Due dates for transfer of unclaimed dividend to IEPF :

Financial Year	Date of Declaration	Date of Payment	Dividend percent	Date on which dividend will become part of IEPF
2008-2009	14th August, 2009	4th September, 2009	10	17th September, 2016
2009-2010	29th July, 2010	20th August, 2010	20	29th August, 2017
2010-2011	22nd July, 2011	11th August, 2011	20	26th August, 2018
2011-2012	24th July, 2012	16th August, 2012	20	27th August, 2019
2012-2013	26th July, 2013	19th August, 2013	25	29th August, 2020
2013-2014	13th August, 2014	2nd September, 2014	25	12th September, 2021
2014-2015	30th July, 2015	21st August, 2015	25	31st August, 2022
2015-2016	10th March, 2016	29th March, 2016	25	9th April, 2023

Pursuant to notification no. G.S.R. 352(E) dated 10th May, 2012, issued by Ministry of Corporate Affairs, the details of unclaimed and unpaid amount of Dividend due to the shareholders of the Company as of 30th July, 2015 in respect of the financial years 2008–2009, 2009–2010, 2010–2011, 2011-2012, 2012-2013 and 2013-2014 are available on Company's website viz. www.kfil.com

Disclosure in respect of unclaimed shares

The Company had sent reminder letters to those shareholders, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. These share certificates will be sent to eligible shareholders, if these shareholders submit necessary documents to the Company.

Nominations in respect of shares held in physical form / electronic form

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

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

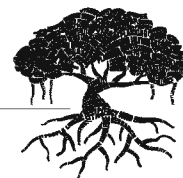
Payment of Dividend by electronic means

As per Regulation 12 of the Listing Regulations, the Company shall use electronic modes of payment such as electronic clearing services, direct credit, real time gross settlement, national electronic funds transfer, etc. for making payment of dividend.

Accordingly, shareholders holding shares in electronic mode are requested to register latest bank account details with their Depository Participants and those holding shares in physical form are requested to register latest bank account details with the Company's Registrar and Share Transfer Agent, viz. Link Intime India Private Limited.

Income Tax PAN mandatory for Transfer of securities

As per Regulation 40(7) read with Schedule VII of the Listing Regulations, for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the listed entity for registration of transfer of securities.

**DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

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

Pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), I hereby declare that all Board members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board and made effective from 1st December, 2015. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

For Kirloskar Ferrous Industries Limited,

Ravindranath V. Gumaste
Managing Director
DIN : 00082829

Pune : 29th April, 2016

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by Kirloskar Ferrous Industries Limited ("the Company") for the year ended 31st March, 2016, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

S.B. Pagad
Partner
Membership No. 206124

Pune : 29th April, 2016

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

Report on the Financial Statements:

We have audited the accompanying financial statements of **KIRLOSKAR FERROUS INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

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

Auditors' Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit.

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

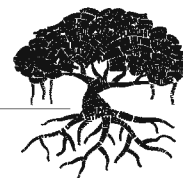
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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, 2016, and its profits and its cash flows for the year ended on that date.

**Report on other Legal and Regulatory Requirements:**

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the Annexure- A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

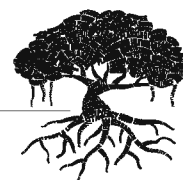
S.B. Pagad
Partner
Membership No.206124

Pune : 29th April, 2016

ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March, 2016, we report that:

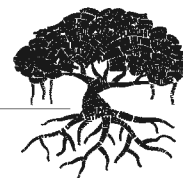
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As informed to us, the fixed assets have been physically verified by the Management at reasonable intervals in a phased manner and the discrepancies noticed during such physical verification were not material.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As informed to us, the physical verification of inventory has been conducted by the management at reasonable intervals and the discrepancies noticed during such physical verification were not material. Stocks lying with third parties at the year-end have been confirmed.
- (iii) 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 Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given loans, made investments or given guarantees which are covered by the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder are not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act and we are of the opinion that prima facie such accounts and records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, Income Tax, Sales Tax, Value Added Tax, Duty of Customs, Service Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31st March, 2016 for a period of more than six months from the date they became payable.
- b) According to information and explanation given to us, there are amounts of Excise Duty, Customs Duty, Value Added Tax, Service Tax and Income Tax which have not been deposited on account of dispute as listed below:



Sl. No	Name of the statute	Nature of the dues	Amount in ₹	Financial year to which the amount relates	Forum where dispute is pending
1	The Central Excise Act, 1944	Duty on pattern development charges	342,068	1997-98	CESTAT, Bangalore
2	The Central Excise Act, 1944	Interest on refund	341,496	2004-05	Assistant Commissioner of Central Excise, Bellary
3	The Central Excise Act, 1944	Cenvat Credit issues	1,420,241	2007-08 to 2015-16	Assistant Commissioner, Central Excise, Bellary
4	The Central Excise Act, 1944	Cenvat Credit availed on Steel	9,570,486	2004-05 to 2009-10	CESTAT, Bangalore
5	The Central Excise Act, 1944	Cenvat Credit availed on Steel	268,737	2009 - 10	Commissioner of Central Excise (Appeals), Mysore
6	The Central Excise Act, 1944	Cenvat Credit availed on Steel	94,084	2010 - 11	Assistant Commissioner, Central Excise, Bellary
7	The Central Excise Act, 1944	Cenvat Credit issues	467,910	2012-13	Commissioner of Central Excise, Belgaum
8	The Central Excise Act, 1944	Cenvat Credit issues	39,304	2013-14	Commissioner of Central Excise (Appeals), Mysore
9	The Central Excise Act, 1944	Cenvat Credit on write offs	1,023,603	2009-10	Additional Commissioner, Central Excise, Belgaum,
10	The Central Excise Act, 1944	Valuation of excisable goods	1,876,214	2000-01	CESTAT, Mumbai
11	The Central Excise Act, 1944	Refund of Interest	714,462	2010-11	Hon'ble High Court, Mumbai
12	The Finance Act, 1994	Cenvat Credit utilised for Service Tax payment	7,585,734	2006-07	Commissioner of Central Excise, Belgaum
13	The Finance Act, 1994	Cenvat Credit issues	772,188	2009-10 to 2010-11	Assistant Commissioner, Central Excise, Bellary
14	The Finance Act, 1994	Penalty on Freight Outward	2,992,835	2013-14	CESTAT, Bangalore
15	The Finance Act, 1994	Cenvat Credit issues	161,633	2011-12	Assistant Commissioner of Central Excise, Bellary
16	The Finance Act, 1994	Service Tax demand on Interest	11,496,454	2012-13	CESTAT, Bangalore
17	The Finance Act, 1994	Service Tax demand on Interest	1,887,734	2014-15	Commissioner, Central Excise, Belgaum
18	The Finance Act, 1994	Service Tax demand on usance charges	420,371	2015-16	Assistant Commissioner of Central Excise, Bellary

Sl. No	Name of the statute	Nature of the dues	Amount in ₹	Financial year to which the amount relates	Forum where dispute is pending
19	The Finance Act, 1994	Service Tax demand on usance charges	505,659	2015-16	Joint Commissioner, Central Excise, Belgaum
20	The Finance Act, 1994	Cenvat Credit availed on Input Services	30,120,653	2015-16	Commissioner, Central Excise, Belgaum
21	The Customs Act, 1962	Refund of customs duty	337,883	2010-11	Commissioner of Custom (Appeals), Bangalore
22	The Income Tax Act, 1961	Minimum Alternate Tax	112,215	2004- 05	Hon'ble High Court Mumbai
23	The Income Tax Act, 1961	Minimum Alternate Tax	5,181,762	2005- 06	Hon'ble High Court Mumbai
24	The Income Tax Act, 1961	Disallowance of expenses	72,579,929	2009-10	Commissioner of Income Tax (Appeals) Pune
25	The Income Tax Act, 1961	Disallowance of expenses	5,258,434	2010-11	Commissioner of Income Tax (Appeals), Pune
26	The Karnataka VAT Act, 2003	Input tax credit on purchases	52,730,556	2013-14	Local Vat Officer, Koppal
27	The Maharashtra VAT Act, 2002	VAT set off disallowed	183,941	2008-09	Joint Commissioner of Sales Tax, Kolhapur

- (viii) The Company has not defaulted in repayment of loans or borrowings to banks / financial institutions. The Company has not borrowed funds from Government and has not issued any debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). As informed to us, the term loans were applied for the purposes for which those are raised.
- (x) According to the information and explanations 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 the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) As informed 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 Registration No. 101118W

S.B. Pagad
Partner
Membership No.206124

Pune : 29th April, 2016

ANNEXURE - B TO THE AUDITORS' 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 **Kirloskar Ferrous Industries Limited** ("the Company") as of 31st March, 2016 in conjunction with our audit of the 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, 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 Registration No. 101118W

S.B. Pagad
Partner
Membership No.206124

Pune : 29th April, 2016

BALANCE SHEET AS AT 31st MARCH, 2016

Particulars	Note No.	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	686,540,405	686,540,405
Reserves and surplus	4	4,233,799,056	3,863,803,713
		4,920,339,461	4,550,344,118
Non-current liabilities			
Long-term borrowings	5	-	99,999,975
Deferred tax liabilities (Net)	6	789,043,156	730,593,171
		789,043,156	830,593,146
Current liabilities			
Short-term borrowings	7	982,446,046	724,983,937
Trade payables	8	1,367,717,463	2,043,412,326
Other current liabilities	9	432,196,627	861,555,410
Short-term provisions	10	73,813,455	267,634,609
		2,856,173,591	3,897,586,282
TOTAL		8,565,556,208	9,278,523,546
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	5,460,199,875	5,386,731,370
Intangible assets	12	41,637,501	31,858,065
Capital work-in-progress		80,762,372	304,273,898
Intangible assets under development		-	8,230,340
Non-current investments	13	100	100
Long-term loans and advances	14	171,295,324	132,443,919
Other non-current assets	15	499,670	466,672
		5,754,394,842	5,864,004,364
Current assets			
Inventories	16	929,847,003	1,183,357,921
Trade receivables	17	1,394,484,267	1,765,037,096
Cash and bank balances	18 A	60,170,061	101,054,366
Short-term loans and advances	19	419,435,240	358,647,276
Other current assets	20	7,224,795	6,422,523
		2,811,161,366	3,414,519,182
TOTAL		8,565,556,208	9,278,523,546

Significant Accounting Policies

2

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

R.V.GUMASTE
Managing Director
DIN 00082829

S.B.PAGAD
Partner
M. No. 206124

C.S.PANICKER
Company Secretary

R.S.SRIVATSAN
Chief Financial Officer

Pune: 29th April, 2016


STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

Particulars	Note No.	For the Year ended 31st March, 2016 ₹	For the Year ended 31st March, 2015 ₹
INCOME			
Revenue from operations (Gross)		12,607,066,390	15,385,284,058
Less: Excise Duty		1,467,762,209	1,734,360,207
Revenue from operations (Net)	21	11,139,304,181	13,650,923,851
Other income	22	22,478,042	31,096,825
Total Revenue		11,161,782,223	13,682,020,676
EXPENSES			
Cost of materials consumed	23	5,819,570,449	8,266,922,285
Changes in inventories of	24		
a. Finished goods		50,805,235	(13,967,451)
b. By-Products		22,584,982	(3,510,808)
c. Work-in-Progress		31,056,654	(13,107,416)
Employee benefits expense	25	709,220,119	651,925,937
Finance costs	26	238,302,440	297,987,720
Depreciation and amortization expense	27	443,661,387	504,189,526
Other expenses	28	2,994,324,471	3,273,135,588
Total Expenses		10,309,525,737	12,963,575,381
Profit before tax		852,256,486	718,445,295
Tax expense:			
Current Tax		216,462,550	152,635,238
MAT credit entitlement		-	(15,783,466)
Deferred tax		58,449,985	88,829,661
Profit for the Period		577,343,951	492,763,862
Earnings per equity share:	30		
Basic and Diluted		4.20	3.59

Significant Accounting Policies

2

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

R.V.GUMASTE
Managing Director
DIN 00082829

S.B.PAGAD
Partner
M. No. 206124

C.S.PANICKER
Company Secretary

R.S.SRIVATSAN
Chief Financial Officer

Pune: 29th April, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

Particulars	2015-16 ₹	2014-15 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax		718,445,295
Add :		
Depreciation	443,661,387	504,189,526
(Profit) / Loss on sale of assets	111,901	16,997,677
Provision for doubtful debts	1,448,377	20,508,854
Bad debts written off	6,047,491	1,151,859
Unrealised Foreign exchange (Gain)/Loss	(1,707,150)	497,831
Finance Costs	238,302,440	297,987,720
	687,864,446	841,333,467
Less :		
Rental income	(2,108,349)	1,559,778,762
Interest income	(9,417,451)	(1,822,506)
Dividend income	(50)	(16,785,757)
Provision no longer required written back	(5,673,449)	(50)
Sundry credit balances appropriated	-	(4,586,895)
	(17,199,299)	(662,555)
Operating profit before working capital changes	1,522,921,633	(23,857,763)
Movements in working capital:		1,535,920,999
Decrease / (Increase) in Inventories	253,510,918	439,481,048
Decrease / (Increase) in Trade Receivables	363,056,961	116,144,326
Decrease / (Increase) in Long Term Loans and Advances	(15,514,354)	(6,534,048)
Decrease / (Increase) in Short Term Loans and Advances	(97,239,163)	103,413,076
Decrease / (Increase) in Other Current Assets	(853,046)	(3,597,489)
Decrease / (Increase) in Other Current and non-current Assets	(113,601)	370,626
Increase / (Decrease) in Trade Payables	(680,828,618)	(425,439,080)
Increase / (Decrease) in Other Current Liabilities	(13,252,501)	(36,164,182)
Increase / (Decrease) in Short Term Provisions	12,955,669	18,597,632
	(178,277,735)	206,271,909
Cash generated from operations	1,344,643,898	1,742,192,908
Taxes paid	(180,011,351)	(133,222,768)
Net cash from operating activities (A)	1,164,632,547	1,608,970,140
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets, including CWIP and capital advances	(336,643,090)	(574,488,153)
Proceeds from sale of fixed assets	1,375,425	(9,974,438)
Interest received	9,548,828	16,769,629
Dividend received	50	50
Rental income	2,108,349	1,822,506
Net cash used in investing activities (B)	(323,610,438)	(565,870,406)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest and other borrowing cost paid	(235,462,657)	(289,512,055)
Proceeds from Long Term Borrowings (Net)	(502,309,686)	(352,309,687)
Increase/(Decrease) in Cash Credit	257,462,109	(125,560,503)
Increase/(Decrease) in Short Term Vendors' Bill Discounting	-	(91,073,059)
Dividend paid	(330,740,953)	(169,662,135)
Tax on dividend paid	(70,855,227)	(29,169,386)
Net cash from financing activities (C)	(881,906,414)	(1,057,286,825)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(40,884,305)	(14,187,091)
Cash and Cash Equivalents at the beginning of the year (Refer Note 18A)	101,054,366	115,241,457
Cash and Cash Equivalents at the end of the year (Refer Note 18A)	60,170,061	101,054,366

Note:

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

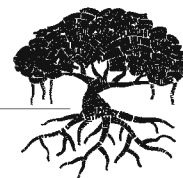
R.V.GUMASTE
Managing Director
DIN 00082829

S.B.PAGAD
Partner
M. No. 206124

C.S.PANICKER
Company Secretary

R.S.SRIVATSAN
Chief Financial Officer

Pune: 29th April, 2016



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Basis of preparation of financial statements

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

2. Summary of significant accounting policies:

a. Use of estimates

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

b. Fixed Assets

- i. Tangible fixed assets are stated at original cost net of accumulated depreciation and impairment loss, if any. The cost of the fixed asset includes the purchase price and the incidental or directly attributable expenses incurred in bringing the asset to its working condition for its intended use.
- ii. Borrowing Costs relating to acquisition and construction of qualifying assets are also included to the extent they relate to the period till such assets are ready to be put to use.
- iii. Pre-operative expenditure including trial run expenses comprising of revenue expenses incurred as reduced by the revenue generated during the period up to commencement of commercial production are treated as part of project costs and are capitalized.
- iv. Intangible assets expected to provide future enduring economic benefits are recorded at the value of consideration paid for acquisition of such assets and are carried at cost of acquisition net of accumulated depreciation and impairment loss, if any.
- v. Cost of fixed assets not ready for use before the Balance Sheet date is disclosed as capital work-in-progress.

c. Depreciation and Amortisation

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

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

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

d. Operating leases

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

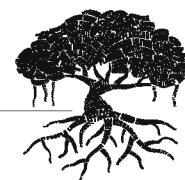
e. Investments

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

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

f. Inventories

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



- iv. Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the management and the value of inventory is net of such provision.
- v. Net 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.

g. Foreign Currency Transactions

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

h. Revenue Recognition

- i. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, which generally coincides with their delivery to customers/customers representatives. Sales reported includes excise duty and excludes discounts, rebates, returns, sales tax and value added tax.
- ii. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Dividend income is recognised when the Company's right to receive dividend is established.
- iv. Lease income in respect of "Operating Lease" is recognized in the Statement of Profit and Loss on a straight-line basis over the lease terms.
- v. All other incomes are accounted for on accrual basis.

i. Borrowing Costs

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

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

j. Excise Duty

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

k. Employee Benefits

- i. Short Term Employee Benefits:

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

ii. **Post Employment Benefits:**

a. **Defined Contribution Plan:**

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

b. **Defined Benefit Plans:**

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

I. Taxes on Income

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

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

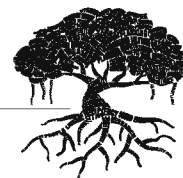
- ii. Provision for current tax is made on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961.
- iii. Advance taxes and provisions for current Income Tax are presented in the Balance Sheet after off-setting advance taxes paid and Income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

m. Research and Development Expenses

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

n. Earnings Per Share

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



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

o. Provisions and Contingencies

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

p. Cash and cash equivalents

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

q. Impairment of Asset

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

3.

SHARE CAPITAL	As at 31st March	
	2016 ₹	2015 ₹
Authorised Share Capital		
210,000,000 (210,000,000) Equity Shares of ₹ 5 each	1,050,000,000	1,050,000,000
117,000,000 (117,000,000) Preference Shares of ₹ 10 each	1,170,000,000	1,170,000,000
Total	2,220,000,000	2,220,000,000
Issued, Subscribed and Paid up Capital		
137,308,081 (137,308,081) Equity Shares of ₹ 5 each	686,540,405	686,540,405
Total	686,540,405	686,540,405

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

Particulars	Year ended 31st March, 2016		Year ended 31st March, 2015	
	Number	₹	Number	₹
Equity shares				
Balance at the beginning of the year	137,308,081	686,540,405	137,308,081	686,540,405
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Balance at the end of the year	137,308,081	686,540,405	137,308,081	686,540,405

b. Rights and preferences attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The Interim dividend declared by the Board of Directors on 10th March, 2016 and paid on 29th March, 2016 is subject to the confirmation of the shareholders at the ensuing Annual General Meeting.

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

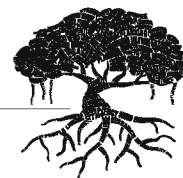
c. Equity shares held by holding company

Name of Shareholder	Year ended 31st March, 2016		Year ended 31st March, 2015	
	No. of shares held	Percentage of holding	No. of shares held	Percentage of holding
Kirloskar Industries Limited*	70,613,876	51.43	70,613,876	51.43

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

4.

RESERVES AND SURPLUS	As at 31st March	
	2016 ₹	2015 ₹
a. Securities Premium Reserve (Balance brought forward from previous year)	1,938,379,992	1,938,379,992
Total (a)	1,938,379,992	1,938,379,992
b. General Reserves		
Opening Balance	350,000,000	300,000,000
Add: Current year transfer from Surplus	50,000,000	50,000,000
Closing Balance	400,000,000	350,000,000
Total (b)	400,000,000	350,000,000
c. Surplus - Balance in the Statement of Profit and Loss		
Opening Balance	1,575,423,721	1,339,436,682
Add :		
Net Profit for the current period	577,343,951	492,763,862
Less : Appropriations		
Interim dividend on equity shares@ ₹1.25 per share	(171,635,102)	-
Final dividend on equity shares@ ₹1.25 per share	-	(171,635,102)
Dividend Distribution Tax (includes ₹ 772,638 pertaining to previous year)	(35,713,506)	(35,141,721)
Amount transferred to General Reserves	(50,000,000)	(50,000,000)
Closing Balance	1,895,419,064	1,575,423,721
Total (c)	1,895,419,064	1,575,423,721
Total (a+b+c)	4,233,799,056	3,863,803,713



5. LONG TERM BORROWINGS	As at 31st March	
	2016 ₹	2015 ₹
Secured		
Term Loans		
From Bank	-	99,999,975
Total (a+b)	-	99,999,975

a. Security for Term Loans:

Secured Term Loan of ₹ 233,333,319 availed from BNP Paribas is secured by an exclusive first charge by way of hypothecation in favour of IDBI Trusteeship Services Limited as Security Trustee for the benefit of BNP Paribas, on Hot Blast Stove for MBF-I, Hot Blast Stove for MBF-II, Boiler and Turbo Generator - 5 MW capacity installed at Bevinahalli Village, Koppal District, Karnataka. The loan amount is repayable in 28 equal monthly installments on the last working day of each month. The rate of interest was 9.55 percent per annum till 2nd December, 2015 and thereafter the rate was revised to 8.95 percent per annum. The balance outstanding as at 31st March, 2016 is ₹ 99,999,975 (Previous year ₹ 199,999,983). Out of which ₹ 99,999,975 (Previous year ₹ 100,000,008), being repayable within 12 months from the reporting date has been reflected under Other Current Liabilities as "Current Maturities of Long Term Borrowings".

6. DEFERRED TAX LIABILITY (NET)	As at 31st March	
	2016 ₹	2015 ₹
a. Deferred Tax Liabilities		
Depreciation	826,260,791	756,481,224
Others	65,147	540,675
Total liabilities (a)	826,325,938	757,021,899
b. Deferred Tax Assets		
Disallowance under Section 43 B of Income Tax Act	23,940,233	13,940,214
Provision for doubtful debts	13,342,549	12,488,514
Total Assets (b)	37,282,782	26,428,728
Net Deferred Tax Liability (a - b)	789,043,156	730,593,171

7. SHORT TERM BORROWINGS	As at 31st March	
	2016 ₹	2015 ₹
a) Secured		
Loans payable on demand		
Cash Credit from banks	798,601,226	724,983,937
Total (a)	798,601,226	724,983,937
b) Unsecured		
Loans payable on demand		
Overdraft from Bank	183,844,820	-
Total (b)	183,844,820	-
Total (a + b)	982,446,046	724,983,937

Security for Secured Loans :

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 4,500,000,000 (previous year ₹ 4,500,000,000) are secured by first charge by way of hypothecation on the current assets both present and future, in favour of IDBI Trusteeship Services Limited, as Security Trustees, for the benefit of consortium banks.

Particulars	As at 31st March	
	2016 ₹	2015 ₹
Outstanding amount under non fund based limits :		
i. Aggregate value of the amount outstanding under letter of credit		
Secured	506,320,276	769,974,791
Unsecured	166,697,144	409,684,192
ii. Aggregate value of guarantees outstanding (Secured)	8,261,500	22,050,000

8.	TRADE PAYABLES	As at 31st March	
		2016 ₹	2015 ₹
	a. Acceptances	638,353,002	1,159,933,608
	b. Others	729,364,461	883,478,718
	Total	1,367,717,463	2,043,412,326

9.	OTHER CURRENT LIABILITIES	As at 31st March	
		2016 ₹	2015 ₹
	a. Creditors for capital goods		
	i. Acceptances	-	17,853,067
	ii. Others	80,637,673	79,435,857
	b. Current Maturities of Long Term Borrowings (Refer Note no.5)	99,999,975	502,309,686
	c. Interest accrued but not due on borrowings	49,052	4,050,174
	d. Other payables		
	i. Taxes and duties	30,488,480	27,214,877
	ii. Payable to employees	100,435,985	103,527,611
	iii. Creditors for expenses	24,716,110	37,626,654
	iii. Security Deposit	185,000	-
	iv. Unclaimed dividend #	33,567,429	21,038,178
	v. Advance from customers	43,152,351	56,223,043
	vi. Exchange differences on forward contracts (Net)	18,964,572	12,276,263
	Total	432,196,627	861,555,410

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



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

Particulars	As at 31st March	
	2016 ₹	2015 ₹
Total outstanding to MSME Suppliers (not due)	20,693,271	57,835,912
Principal amount due remaining unpaid		
i. Trade payables	-	-
ii. Creditors for capital goods	-	-
Interest on above and unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

10.

SHORT TERM PROVISIONS	As at 31st March	
	2016 ₹	2015 ₹
a. Provision for employee benefits (refer note no. 31 and 32)		
i. Contribution to Provident and Superannuation funds	6,301,667	5,831,471
ii. Gratuity	22,340,142	17,974,254
iii. Leave encashment	45,171,646	36,753,399
b. Others		
i. Proposed dividend	-	171,635,102
ii. Tax on proposed dividend	-	35,141,721
iii. Wealth Tax	-	298,662
Total	73,813,455	267,634,609

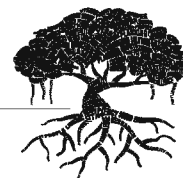
11. TANGIBLE ASSETS

(Amount in ₹)

Assets	Freehold land	Leasehold land	Buildings	Plant & Equipments	Plant & Equipments under Lease	Furniture & Fixtures	Vehicles	Office equipments	Computers	Total
Gross Block										
As at 31st March, 2014	45,206,420	44,205,001	1,325,972,437	6,891,244,482	3,900,774	13,765,440	24,586,598	28,829,529	16,875,048	8,394,585,729
Additions	3,356,085	-	159,264,529	226,187,675	-	10,633,766	14,109,456	26,403,658	2,793,938	442,749,107
Disposals	-	-	48,389	54,484,806	-	2,191,263	2,288,014	12,931,932	262,080	72,206,484
As at 31st March, 2015	48,562,505	44,205,001	1,485,188,577	7,062,947,351	3,900,774	22,207,943	36,408,040	42,301,255	19,406,906	8,765,128,352
Additions	1,747,200	-	136,338,016	344,349,000	-	3,886,548	8,496,151	8,320,359	6,019,240	509,156,514
Disposals	-	-	-	1,647,649	3,900,774	-	7,349,011	70,950	43,485	13,011,869
Adjustments	-	-	-	(728,794)	728,794	-	-	-	-	-
As at 31st March, 2016	50,309,705	44,205,001	1,621,526,593	7,404,919,908	728,794	26,094,491	37,555,180	50,550,664	25,382,661	9,261,272,997
Depreciation										
As at 31st March, 2014	-	-	356,465,429	2,537,368,962	2,847,734	9,426,978	11,179,382	14,750,825	12,651,199	2,944,690,509
For the year	-	-	91,896,359	382,274,386	780,155	1,648,927	6,316,261	12,890,434	3,083,196	498,889,718
Disposals	-	-	48,377	49,055,680	-	2,171,080	1,059,513	12,586,526	262,069	65,183,245
As at 31st March, 2015	-	-	448,313,411	2,870,587,668	3,627,889	8,904,825	16,436,130	15,054,733	15,472,326	3,378,396,982
For the year	-	-	55,549,880	360,698,620	349,997	2,035,945	5,582,253	7,607,591	2,376,397	434,200,683
Disposals	-	-	-	517,504	3,880,714	-	7,044,154	38,686	43,485	11,524,543
Adjustments	-	-	-	(50,228)	50,228	-	-	-	-	-
As at 31st March, 2016	-	-	503,863,291	3,230,718,556	147,400	10,940,770	14,974,229	22,623,638	17,805,238	3,801,073,122
Net Block										
As at 31st March, 2016	50,309,705	44,205,001	1,117,663,302	4,174,201,352	581,394	15,153,721	22,580,951	27,927,026	7,577,423	5,460,199,875
As at 31st March, 2015	48,562,505	44,205,001	1,036,875,166	4,192,359,683	272,885	13,303,118	19,971,910	27,246,522	3,934,580	5,386,731,370

Note :

Adjustments for the year 2015-16 denotes assets given on operating lease during the year.



12. INTANGIBLE ASSETS

(Amount in ₹)

Assets	Mining Rights	Computer software	Total
Gross Block			
As at 31st March, 2014	1,150,000	36,485,662	37,635,662
Additions	-	23,290,245	23,290,245
Disposals/Adjustments	-	-	-
As at 31st March, 2015	1,150,000	59,775,907	60,925,907
Additions	-	19,240,140	19,240,140
Disposals	-	-	-
Adjustments	-	-	-
As at 31st March, 2016	1,150,000	79,016,047	80,166,047
Depreciation			
As at 31st March, 2014	688,511	23,079,523	23,768,034
For the year	104,692	5,195,116	5,299,808
Disposals	-	-	-
As at 31st March, 2015	793,203	28,274,639	29,067,842
For the year	105,195	9,355,509	9,460,704
Disposals	-	-	-
As at 31st March, 2016	898,398	37,630,148	38,528,546
Net Block			
As at 31st March, 2016	251,602	41,385,899	41,637,501
As at 31st March, 2015	356,797	31,501,268	31,858,065

13.

NON CURRENT INVESTMENTS	As at 31st March	
	2016 ₹	2015 ₹
Long Term Investments - Trade - Unquoted		
Fully Paid Equity Shares		
Kirloskar Proprietary Limited	100	100
One Equity Share with a face value of Rs.100 per share		
Total	100	100

14.

LONG TERM LOANS AND ADVANCES	As at 31st March	
	2016 ₹	2015 ₹
a. Capital advances		
Unsecured, considered good	65,102,287	41,765,236
b. Security deposits		
Unsecured, considered good	92,373,122	79,045,812
c. Other loans and advances		
i. Unsecured and considered good		
Advance to Suppliers	9,433,500	7,050,000
Loans to employees	1,079,334	1,525,425
Claims receivable	3,057,446	3,057,446
ii. Doubtful		
Claims receivable	4,500,000	4,500,000
Less: Provision	(4,500,000)	(4,500,000)
d. Prepaid Expenses	249,635	-
Total	171,295,324	132,443,919

15.	OTHER NON CURRENT ASSETS	As at 31st March	
		2016 ₹	2015 ₹
	a. Non-current Bank Balances (Refer Note No.18B)	480,647	367,046
	b. Interest Accrued on Deposits	19,023	99,626
	c. Long term trade receivables		
	Unsecured, considered doubtful	33,042,344	31,593,967
	Less: Provision therefor	(33,042,344)	(31,593,967)
	Total	499,670	466,672

16.	INVENTORIES	As at 31st March	
		2016 ₹	2015 ₹
	a. i Raw material at site	234,805,252	400,932,887
	ii Raw material in transit	70,996,971	76,900,622
		305,802,223	477,833,509
	b. Work-in-progress	225,065,809	256,122,463
	c. Finished goods	43,800,453	94,605,688
	d. Stores and spares	349,029,381	326,062,142
	e. By-Products	6,149,137	28,734,119
	Total	929,847,003	1,183,357,921

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

Details of Work-in-progress

Particulars	As at 31st March	
	2016 ₹	2015 ₹
a. Castings	185,095,213	204,118,555
b. Patterns	25,751,326	45,196,916
c. Others	14,219,270	6,806,992
Total	225,065,809	256,122,463

Details of Finished Goods

Particulars	As at 31st March	
	2016 ₹	2015 ₹
a. Pig iron	18,160,887	93,333,124
b. Castings	25,639,566	-
c. Others	-	1,272,564
Total	43,800,453	94,605,688



17. TRADE RECEIVABLES	As at 31st March	
	2016 ₹	2015 ₹
- Unsecured, considered good		
a. Trade receivables outstanding for a period exceeding six months from the date they are due for payment	36,212,085	16,092,933
b. Others*	1,358,272,182	1,748,944,163
Total	1,394,484,267	1,765,037,096

* Net of Sales bills discounted ₹ 261,429,596 (Previous year ₹ 211,436,101).

18. CASH AND BANK BALANCES	As at 31st March	
	2016 ₹	2015 ₹
A. Current		
Cash and Cash Equivalents		
I. Cash on hand	510,441	409,496
II. Balances with banks		
In Current Accounts	26,092,191	79,606,692
Earmarked balances (Unpaid Dividend Accounts)	33,567,429	21,038,178
Total (A)	60,170,061	101,054,366
B. Non-current		
Other Bank Balances		
I. Margin money deposit	136,957	117,046
II. Deposits with more than 12 months maturity	343,690	250,000
Total (B)	480,647	367,046

19. SHORT TERM LOANS AND ADVANCES	As at 31st March	
	2016 ₹	2015 ₹
Unsecured, considered good		
a. Advance Income Tax (Net of provision)	96,296,867	98,233,287
b. MAT Credit Entitlement	44,664,605	79,179,384
c. Advances recoverable in cash / kind	123,780,879	40,114,821
d. Balances with Central Excise / Customs	40,320,202	51,091,843
e. Balances with VAT Authorities	100,909,092	79,650,469
f. Prepaid expenses	13,463,595	10,377,472
Total	419,435,240	358,647,276

20. OTHER CURRENT ASSETS	As at 31st March	
	2016 ₹	2015 ₹
Interest accrued on deposits	2,774,260	2,825,034
Deferred premium on Forward Contracts	4,450,535	3,597,489
Total	7,224,795	6,422,523

21. REVENUE FROM OPERATIONS	For the Year ended 31st March	
	2016 ₹	2015 ₹
a. Sale of products		
i. Pig Iron	7,048,550,603	9,494,338,984
ii. Castings	5,263,545,472	5,374,609,329
iii. By-Products	214,999,933	411,879,445
b. Other Operating Income		
i. Scrap / Miscellaneous Sales	79,970,382	104,456,300
	12,607,066,390	15,385,284,058
Less: Excise duty	1,467,762,209	1,734,360,207
Total	11,139,304,181	13,650,923,851

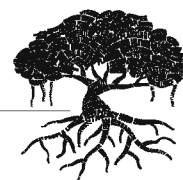
Product wise sales details (excluding excise duty)

Particulars	For the Year ended 31st March	
	2016 ₹	2015 ₹
a. Pig iron	6,231,196,865	8,436,590,035
b. Castings	4,606,682,980	4,744,566,297
c. Others	301,424,336	469,767,519
Total	11,139,304,181	13,650,923,851

22. OTHER INCOME	For the Year ended 31st March	
	2016 ₹	2015 ₹
a. Interest	9,417,451	16,785,757
b. Dividend	50	50
c. Net Gain on Foreign currency transactions	457,706	2,228,859
d. Other non-operating income		
i. Rental income ##	2,108,349	1,822,506
ii. Provision no longer required written back	5,673,449	4,586,895
iii. Sundry credit balances appropriated	-	662,555
iv. Miscellaneous income	4,821,037	5,010,203
Total	22,478,042	31,096,825

##The Company leases equipments under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental receipts with applicable taxes under such leases are ₹ 782,179 for the year ended 31st March, 2016 (Previous Year ₹ 434,170)

Particulars	For the Year ended 31st March	
	2016 ₹	2015 ₹
Lease rent receivable		
Not Later than one year	72,000	434,170
Later than one year and not later than five years	17,000	31,296
Later than five years	-	-



23. COST OF MATERIAL CONSUMED	For the Year ended 31st March	
	2016 ₹	2015 ₹
Stock at the beginning of the year	477,833,509	1,000,813,119
Add : Purchases	5,647,539,163	7,743,942,675
	6,125,372,672	8,744,755,794
Less : Stock at the end of the year	305,802,223	477,833,509
Cost of material consumed	5,819,570,449	8,266,922,285

Details of raw materials consumed	For the Year ended 31st March	
	2016 ₹	2015 ₹
a. Iron Ore	1,550,505,892	2,752,456,139
b. Coke	3,248,016,366	4,209,230,116
c. M.S / C.I. Scrap	815,228,599	1,135,891,084
d. Others	205,819,592	169,344,946
Total	5,819,570,449	8,266,922,285

24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT	For the Year ended 31st March	
	2016 ₹	2015 ₹
a. Finished goods		
At the end of the year	43,800,453	94,605,688
At the beginning of the year	94,605,688	80,638,237
(Increase)/Decrease	50,805,235	(13,967,451)
b. By-Products		
At the end of the year	6,149,137	28,734,119
At the beginning of the year	28,734,119	25,223,311
(Increase)/Decrease	22,584,982	(3,510,808)
c. Work-in Progress		
At the end of the year	225,065,809	256,122,463
At the beginning of the year	256,122,463	243,015,047
(Increase)/Decrease	31,056,654	(13,107,416)
Total (Increase) / Decrease(a+b+c)	104,446,871	(30,585,675)

25. EMPLOYEE BENEFITS EXPENSE	For the Year ended 31st March	
	2016 ₹	2015 ₹
a. Salaries, wages and incentives	586,581,304	533,157,430
b. Contributions to		
i. Provident fund	23,981,791	21,471,909
ii. Superannuation Scheme	1,921,683	1,852,148
iii. Gratuity (Refer note no. 32)	23,753,906	23,598,153
iv. Others	1,373,457	1,345,186
c. Staff welfare expenses	71,607,978	70,501,111
Total	709,220,119	651,925,937

26.	FINANCE COSTS	For the Year ended 31st March	
		2016 ₹	2015 ₹
	a. Interest expense #	177,415,295	239,676,473
	b. Other borrowing costs	4,038,444	4,865,378
	c. Applicable net loss on foreign currency transactions	56,848,701	53,445,869
	Total	238,302,440	297,987,720

Interest expense includes interest on shortfall of advance income tax ₹ 2,066,442 (previous year ₹ Nil).

27.	DEPRECIATION AND AMORTISATION EXPENSE	For the Year ended 31st March	
		2016 ₹	2015 ₹
	a. Tangible assets	434,200,683	498,889,718
	b. Intangible assets	9,460,704	5,299,808
	Total	443,661,387	504,189,526

28.	OTHER EXPENSES	For the Year ended 31st March	
		2016 ₹	2015 ₹
	a. OPERATIONAL EXPENSES		
	Consumption of Stores and Spare parts	1,207,559,168	1,466,638,369
	Power, fuel and water	890,721,997	991,007,004
	Machinery hire charges	13,757,891	15,768,178
	Repairs and maintenance		
	- Machinery	218,304,220	125,080,738
	- Buildings	18,425,875	16,396,193
	Fettling and other manufacturing expenses	262,693,396	241,856,683
	Excise duty on Increase / (Decrease) in closing stock of finished goods	(7,337,028)	5,730,407
	Total (a)	2,604,125,519	2,862,477,572
	b. SELLING EXPENSES		
	Freight and forwarding expenses (Net)	76,739,377	91,414,831
	Advertisement	1,256,833	723,329
	Sales commission and incentive	87,421,040	91,020,268
	Royalty	28,398,446	34,453,018
	Other selling expenses	4,059,749	-
	Total (b)	197,875,445	217,611,446
	c. ADMINISTRATIVE EXPENSES		
	Rent	915,845	1,107,347
	Rates and taxes	15,389,578	15,120,552
	Insurance	3,202,667	3,196,743
	General repairs and maintenance	7,194,055	6,041,677
	Travelling expenses	20,898,119	19,585,235
	Legal and professional charges	58,381,064	26,600,637



OTHER EXPENSES	For the Year ended 31st March	
	2016 ₹	2015 ₹
Communication expenses	5,905,864	6,712,936
Printing and stationery	5,981,043	5,954,597
Auditors remuneration (Refer note (i) below)	3,246,351	3,083,785
Miscellaneous expenses	43,747,805	43,969,952
Directors' commission	5,900,000	5,550,000
Bad debts written off	6,047,491	1,151,859
Provision for doubtful debts	1,448,377	20,508,854
Directors sitting fees	940,000	1,140,000
CSR expenses (Refer note (ii) below)	13,013,347	16,324,719
Loss on assets sold, discarded and scrapped	111,901	16,997,677
Total (c)	192,323,507	193,046,570
Total (a+b+c)	2,994,324,471	3,273,135,588

Note (i) Details of payments to auditors	For the Year ended 31st March	
	2016 ₹	2015 ₹
a. As Auditors	2,250,000	2,250,000
b. For taxation matters	99,308	38,020
c. For certification fees and other services	776,803	727,250
d. Reimbursement of expenses	120,240	68,515
Total	3,246,351	3,083,785

Note (ii) Details of CSR Expenditure	For the Year ended 31st March	
	2016 ₹	2015 ₹
Gross amount to be spent during the year	12,925,518	12,234,917
Amount spent in cash during the year on:		
1. Construction/acquisition of any asset	-	-
2. Others		
a. Education	9,496,446	11,176,379
b. Environment	506,167	145,524
c. Health	1,204,295	3,612,056
d. Rural development	1,806,439	1,390,760
Total	13,013,347	16,324,719

29.	Prior Period Items	For the Year ended 31st March	
		2016 ₹	2015 ₹
	The Statement of Profit and Loss includes following prior period expenses/(income) under the respective heads		
	a. Cost of materials consumed	-	665,179
	b. Interest expense	659,904	-
	c. Other expenses	-	720,884
	d. Tax expense	2,965,396	2,030,363

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

Particulars	For the Year ended 31st March	
	2016	2015
a. Net Profit after tax considered for the calculation of EPS (₹)	577,343,951	492,763,862
b. Weighted average number of equity shares used in computing earnings per equity share	137,308,081	137,308,081
c. Earnings per share Basic and Diluted (₹)	4.20	3.59
d. Face Value per Equity Share (₹)	5.00	5.00

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

Contribution to the defined contribution plan recognised as expense are as under:

Particulars	For the Year ended 31st March	
	2016 ₹	2015 ₹
a. Employer's contribution to provident fund	23,981,791	21,471,909
b. Employer's contribution to superannuation fund	1,921,683	1,852,148

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

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

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

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

Particulars	Gratuity (Funded)	
	For the Year ended 31st March	
	2016 ₹	2015 ₹
a. Changes in the Present Value of Obligations (PVO)		
PVO at beginning of Period	136,129,575	109,685,096
Interest Cost	10,303,966	9,778,176
Current Service cost	10,186,402	8,914,891
Benefits paid	(6,350,362)	(6,801,161)
Actuarial (Gain)/ Loss on obligation	12,700,490	14,552,573
PVO at end of period	162,970,071	136,129,575
b. Changes in Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of period	118,155,321	106,850,028
Adjustment to Opening Fair Value of Plan Assets	188,018	(695,488)
Expected Return on Plan Assets	11,603,500	9,981,800
Contribution	19,200,000	9,154,455
Benefit paid	(6,350,362)	(6,801,161)
Actuarial (Gain)/Loss on obligation	(2,166,548)	(334,313)
Fair Value of Plan Assets at the end of period	140,629,929	118,155,321



Particulars	Gratuity (Funded)	
	For the Year ended 31st March	
	2016 ₹	2015 ₹
c. Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of period	118,155,321	106,850,028
Adjustment to Opening Fair Value of Plan Assets	188,018	(695,488)
Actual Return on Plan Assets	9,436,952	9,647,487
Contributions	19,200,000	9,154,455
Benefit Paid	(6,350,362)	(6,801,161)
Fair Value of Plan Assets at end of period	140,629,929	118,155,321
Funded Status	(22,340,142)	(17,974,254)
Excess of actual over estimated return on Plan Assets	(2,166,548)	(334,313)
d. Actuarial Gain/(Loss) Recognized		
Actuarial Gain/(Loss) for the period (obligation)	(12,700,490)	(14,552,573)
Actuarial Gain/(Loss) for the period (Plan Assets)	(2,166,548)	(334,313)
Total Gain/ (Loss) for the period	(14,867,038)	(14,886,886)
Actuarial Gain/(Loss) Recognized for the period	(14,867,038)	(14,886,886)
Unrecognized Actuarial Gain/ (Loss) at end of period	Nil	Nil
e. Amount recognised in the Balance Sheet and Statement of Profit and Loss		
PVO at end of period	162,970,071	136,129,575
Fair value of Plan Assets at end of Period	140,629,929	118,155,321
Funded Status	(22,340,142)	(17,974,254)
Unrecognized Actuarial Gain/ (Loss) at end of period	Nil	Nil
Net Assets/ (Liability) recognized in the Balance Sheet	(22,340,142)	(17,974,254)
f. Amount recognized in the Statement of Profit and Loss		
Current Service Cost	10,186,402	8,914,891
Interest Cost	10,303,966	9,778,176
Expected Return on Plan Assets	(11,603,500)	(9,981,800)
Net Actuarial (Gain)/Loss recognized for the period	14,867,038	14,886,886
Expenses recognized in Statement of Profit and Loss	23,753,906	23,598,153
g. Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	17,974,254	2,835,068
Adjustment to Opening Fair Value of Plan Assets	(188,018)	695,488
Expenses as above	23,753,906	23,598,153
Contribution paid	(19,200,000)	(9,154,455)
Closing Net Liability	22,340,142	17,974,254
h. Actuarial Assumptions		
Mortality	IALM (2006-08) Ult	IALM (2006-08) Ult
Discount Rate	8.00%	7.50%
Rate of increase in compensation	7.00%	7.00%
Withdrawal rates	4.00%	0.80%

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

Particulars	As at 31st March 2016 ₹	Percent	As at 31st March 2015 ₹	Percent
a. Balances in Current Accounts with scheduled Banks	90,119	0.06	90,119	0.08
b. Funds with Life Insurance Corporation of India	140,539,810	99.94	118,065,202	99.92
Total	140,629,929	100.00	118,155,321	100.00

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

Class of Provision	Opening balance as on 1st April, 2015 ₹	Provisions for the year ₹	Amounts used during the year ₹	Closing balance as on 31st March, 2016 ₹
Casting rejections	11,049,540	12,300,009	11,049,540	12,300,009

Nature of obligation : Provision for possible obligation towards outflow of resources on casting rejections.

Expected timing of resulting outflow : Substantial amount of outflow will be in the next financial year.

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

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

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

Particulars	Holding Company For the Year ended 31st March		Key Management Personnel For the Year ended 31st March	
	2016 ₹	2015 ₹	2016 ₹	2015 ₹
i. Remuneration paid to - Managing Director	-	-	34,570,644	30,127,865
ii. Dividend	176,534,690	88,267,345	297,552	177,836
iii. Building rent paid	546,688	539,328	-	-
iv. Outstanding as on 31st March				
Outstanding Receivables	Nil	Nil	-	-
Outstanding Payables	-	-	-	-
Remuneration payable*				
- Managing Director	-	-	24,620,000	20,570,000
Rent Deposit Receivable	240,000	240,000	-	-

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

Note: Company has not made any Loans / Advances / Investments during the year to the Holding Company.



- d. Details of payment and provisions on account of remuneration to Managing Director included in the Statement of Profit and Loss are as under:

Particulars	For the Year ended 31st March	
	2016 ₹	2015 ₹
Salary	7,440,000	6,840,000
Leave travel assistance	90,000	90,000
Perquisites	82,953	409,444
Commission	24,000,000	20,000,000
Contribution to Provident Fund	792,000	720,000
Contribution to Superannuation Fund	990,000	900,000
Gratuity	1,109,870	898,880
Leave encashment	65,821	269,541
Total	34,570,644	30,127,865

36. Capital and Other Commitments	As at 31st March	
	2016 ₹	2015 ₹
Estimated amount of contracts remaining to be executed on capital account and not provided for	358,801,403	86,346,662

37. Contingent Liabilities not provided for	As at 31st March	
	2016 ₹	2015 ₹
a. In respect of following (matter subjudice) *		
i. Central Excise and Customs	16,496,488	16,241,843
ii. Service Tax	54,055,527	30,300,099
iii. Income Tax	133,286,744	103,352,821
iv. Sales Tax	64,970,655	66,450,204
v. Labour matters to the extent quantifiable	2,289,937	2,208,266
b. Sales Bills discounted	224,991,272	178,113,066

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

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

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Purpose
As at 31st March, 2016				
Payables	USD	7,400,487	509,288,451	Hedging the Risk
As at 31st March, 2015				
i. Payables	USD	6,036,463	389,548,714	Hedging the Risk
ii. Loan (Under Buyers' Credit)	USD	4,723,824	252,309,679	

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

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency
As at 31st March, 2016			
a Trade Receivables	EURO	11,592	874,531
b. Advance for Supplies	USD	372,243	24,664,811
	EURO	175,092	12,965,703
c. Payables	EURO	33,500	2,527,362
As at 31st March, 2015			
a. Trade Receivables	EURO	37,900	2,545,732
b. Advance for Supplies	USD	19,487	1,308,970
c. Payables	USD	3,976,619	248,538,695
	EURO	63,120	4,238,591

39.	Particulars	Year ended 31st March	
		2016	2015
		₹	₹
	Amount of borrowing costs capitalised	-	1,242,219

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

Particulars	For the Year ended 31st March	
	2016	2015
	₹	₹
a. C.I.F. value of imports		
i. Capital goods	26,115,291	48,155,852
ii. Raw materials	1,103,131,185	1,223,425,476
iii. Spare parts	20,515,760	14,792,720
b. Expenditure in foreign currencies		
i. Interest	3,511,242	4,499,744
ii. Professional fee	-	14,787,227
iii. Others	3,413,472	10,713,181

41. Earnings in foreign exchange :

Particulars	For the Year ended 31st March	
	2016	2015
	₹	₹
FOB value of exports	-	109,635


42. a. Imported and Indigenous raw material consumption:

Particulars	For the Year ended 31st March, 2016		For the Year ended 31st March, 2015	
	₹	Percent	₹	Percent
i. Imported	1,377,794,744	23.68	1,913,192,353	23.14
ii. Indigenous	4,441,775,705	76.32	6,353,729,932	76.86
Total	5,819,570,449	100.00	8,266,922,285	100.00

b. Imported and Indigenous Spare parts consumption:

Particulars	For the Year ended 31st March, 2016		For the Year ended 31st March, 2015	
	₹	Percent	₹	Percent
Spare parts				
i. Imported	13,261,596	13.35	11,737,070	8.30
ii. Indigenous	86,110,166	86.65	129,695,104	91.70
Total	99,371,762	100.00	141,432,174	100.00

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

R.V.GUMASTE
Managing Director
DIN 00082829

S.B.PAGAD
Partner
M. No. 206124

C.S.PANICKER
Company Secretary

R.S.SRIVATSAN
Chief Financial Officer

Pune: 29th April, 2016

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PROXY FORM

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

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

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

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

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 25th Annual General Meeting of the Company, to be held on Thursday, the 28th day of July 2016 at 12 Noon at the Pudumjee Hall, Maharashtra Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002 and at any adjournment thereof in respect of such resolutions as are indicated below :

TEAR HERE

Resolution No	Particulars of Resolutions	Optional #	
		For	Against
Ordinary Business			
1	Adoption of the Financial Statement for the financial year ended on 31st March, 2016 and also the reports of the Auditors and the Board of Directors thereon.		
2	Confirmation of payment of Interim Dividend on equity shares for the financial year 2015-2016.		
3	Reappointment of Mr. Rahul C. Kirloskar, who retires by rotation.		
4	Appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants as Auditors and to authorise the Board of Directors to fix their remuneration		
Special Business			
5	Ratification of the remuneration of the Cost Auditors		

Signed this day of 2016

Signature of Member :

Signature of Proxy holder(s) :

Affix
Revenue
Stamp

Notes :

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- A Proxy need not be a member of the Company.**
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10 percent of the total share capital of the Company carrying voting rights. A member holding more than 10 percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- # This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

ATTENDANCE SLIP

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

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

Name and Address of the Member

DP ID. *

Client ID *

Folio No.

No. of shares

I hereby record my presence at the **25TH ANNUAL GENERAL MEETING** of the Company held on Thursday, the 28th day of July 2016 at 12 Noon at the Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002.

Signature of the Member or the Proxy

--

* Applicable for investors holding shares in electronic form.

TEAR HERE

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal black lines across the entire width of the page, providing a guide for writing. The background is a solid off-white color. There are no margins, text, or other markings present.

(For members holding shares in physical form)

Date :

To,

Link Intime India Private Limited

Unit : Kirloskar Ferrous Industries Limited

Block No. 202, 2nd Floor, Akshay Complex,

Near Ganesh Temple, Off Dhole Patil Road,

Pune - 411 001

Dear Sir,

Subject : Green Initiative in the Corporate Governance – registration of email address

Reference : Folio No.

I/we hereby give my / our consent to register the following email address(es) to receive documents such as, notice calling annual general meeting, annual report comprising of balancesheet, statement of profit and loss, cash flow statement, directors' report, auditors' report, etc. or to receive any other document prescribed under any law, through electronic mode.

Email Address :

Thanking you,

Yours faithfully,

TEAR HERE

Name :	Name :	Name :
Signature of First shareholder	Signature of Second shareholder	Signature of Third shareholder

----- TEAR HERE -----

(For members holding shares in electronic form)

Members, who hold shares in electronic form, are requested **to register email address with the Depository Participant**, by a written communication quoting your DP ID and Client ID, to receive documents such as, notice calling annual general meeting, annual report comprising of balancesheet, statement of profit and loss, cash flow statement, directors' report, auditors' report, etc. or to receive any other document prescribed under any law, through electronic mode.

[illegible]



Averaging Machine



Shot Blasting Machine



Stress Relieving Furnace



Coordinate Measuring Machine



Enriching Lives

KIRLOSKAR FERROUS INDUSTRIES LIMITED

A Kirloskar Group Company

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

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

Email: C.Panicker@kirloskar.com Website: www.kfil.com

CIN - L27101PN1991PLC063223