Enriching Lives

KIRLOSKAR INDUSTRIES LIMITED
A Kirloskar Group Company

31 July 2020

Corporate Relationship Department
BSE Limited,
1st Floor, P. J. Towers,
Dalal Street, Fort
Mumbai 400 001

Ref.: Scrip Code: 500243

Dear Sir,

Subject: Annual Report 2019-2020

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), please find enclosed copy of each of the following:

1. Annual Report for the Financial Year 2019-2020; and
2. Notice of the Annual General Meeting.

You are kindly requested to take the same on your record.

Thanking you

Yours faithfully,

For Kirloskar Industries Limited

A.V.Mali

KIRLOSKAR INDUSTRIES LTD. PUNE-05

Ashwini Mali
Company Secretary&
Compliance Officer

Encl.: As above

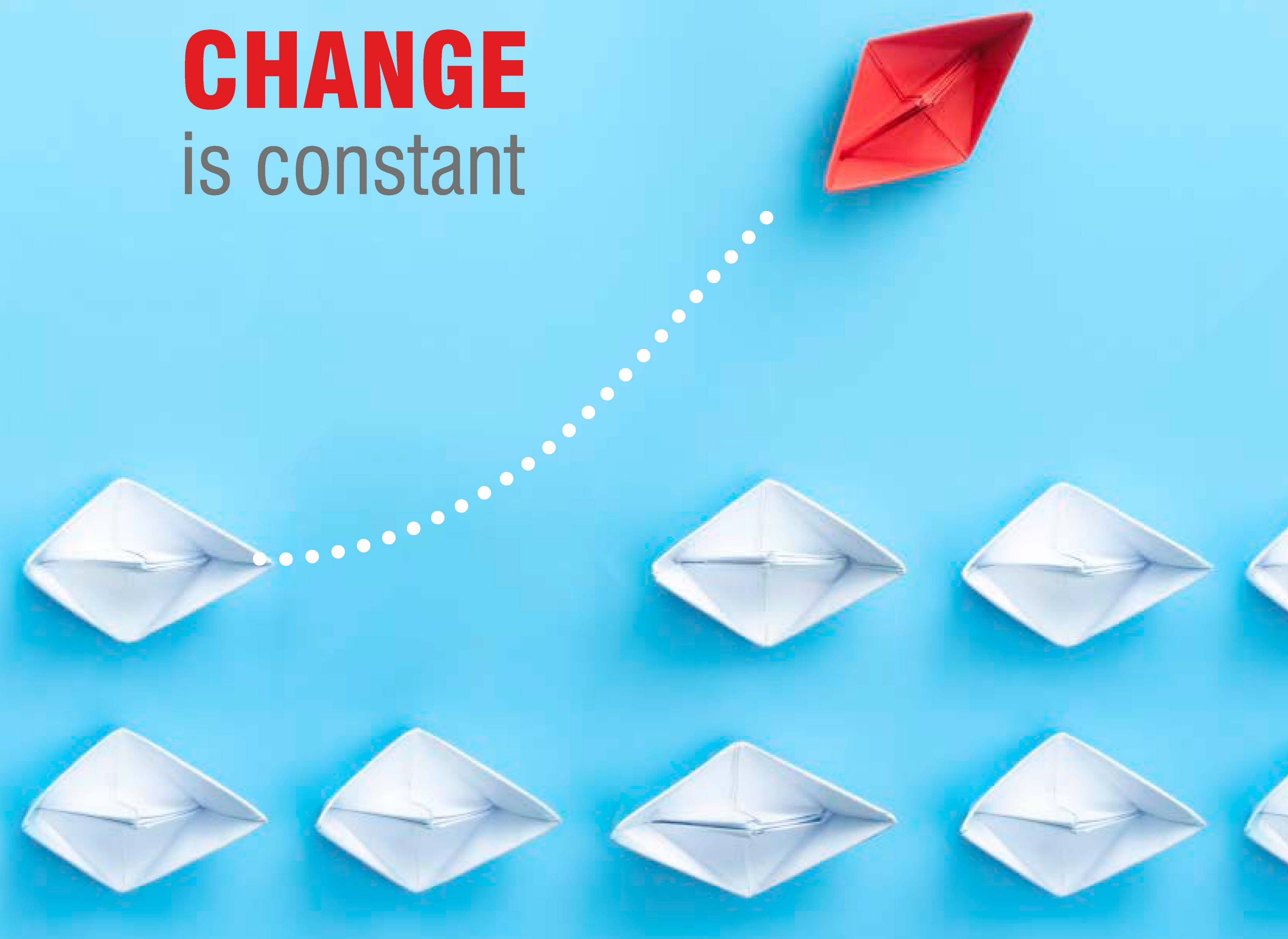
KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2019 - 2020

Enriching Lives

CHANGE
is constant



Witness it or be it.

Nothing stays with you forever. Change is the only constant in life and permanence is an illusion. The fact is everything that has life, lives in a process of continual change.

Yes, change is very essential and appropriate for development and overall growth. Constant change is needed for living life freely, wisely, gracefully. Change is a part of the process of evolution and hence helps an individual as well as organization for betterment and growth.

In order to move on, things must change. This enables one to experience new things, and also empowers us to understand things better to grow, not only mentally, but also physically and emotionally.

Change is required in pushing us forward in the right direction with limited resources. Today this is the only constant in business as well, the only thing we can be sure will happen.

The human mind resists change and hence individuals as well as organisations need to put in change management strategies. These involve defining and adapting corporate strategies, structures, procedures and technologies so that the organization becomes sustainable. Companies that consistently outperform competitors in profitability, market share, revenue growth and customer satisfaction have reported much greater agility. We need to identify and respond quickly to market changes and forthcoming unexpected challenges.

We at KIRLOSKAR, practice change management with an attitude of gratitude and embrace change as an opportunity for continuous renewal and growth. We have successfully implemented new processes, products and business strategies while minimizing undesirable outcomes. Be it socio-economic, technological, environmental or manufacturing related changes we try not to fall back into old patterns of comfortable behaviours, rather have successfully adapted, cultivated and transformed ourselves.

Change sometimes throws new challenges and opens up doors for different ways of doing things.

Change is the essence of life. Change is inevitable so let's all embrace it.

ANNUAL REPORT FOR THE YEAR ENDED ON 31 MARCH 2020

BOARD OF DIRECTORS

Mr. Atul Kirloskar	(DIN 00007387)	Chairman
Mr. Mahesh Chhabria	(DIN 00166049)	Managing Director
Ms. Aditi Chirmule	(DIN 01138984)	Executive Director
Mr. Nihal Kulkarni	(DIN 01139147)	Director
Mr. Anil Alawani	(DIN 00036153)	Director
Mr. Vinesh Kumar Jairath	(DIN 00391684)	Director
Mr. Tejas Deshpande	(DIN 01942507)	Independent Director
Mr. Sunil Shah Singh	(DIN 00233918)	Independent Director
Mr. D. Sivanandhan	(DIN 03607203)	Independent Director
Mr. Ashit Parekh	(DIN 00821577)	Independent Director
Mr. Satish Jamdar	(DIN 00036653)	Independent Director
Ms. Mrunalini Deshmukh	(DIN 07092728)	Independent Director

CHIEF FINANCIAL OFFICER
Mr. Umesh Shastry
with effect from 17 May 2019
Mrs. Jasvandi Deosthale
up to 16 May 2019

COMPANY SECRETARY
Mrs. Ashwini Mali

BANKERS
HDFC Bank Limited,
DBS Bank,
ICICI Bank Limited and
State Bank of India

STATUTORY AUDITORS
G. D. Apte & Co.,
Chartered Accountants

SECRETARIAL AUDITORS
Mr. Mahesh J. Risbud,
Practicing Company Secretary

REGISTRAR AND SHARE TRANSFER AGENT
Link Intime India Private Limited
'Akshay' Complex, Block No. 202, 2nd Floor,
Near Ganesh Temple, Off Dhole Patil Road,
Pune 411 001
Tel.: +91 (20) 2616 1629 / 2616 0084
Fax: +91 (20) 2616 3503
Email: pune@linkintime.co.in

REGISTERED OFFICE
Office No. 801, 8th Floor, Cello Platina,
Fergusson College Road, Shivajinagar,
Pune - 411 005
Tel.: +91 (20) 2970 4374
Fax: +91 (20) 2970 4374
E mail: investorrelations@kirloskar.com
Website: www.kil.net.in
CIN: L70100PN1978PLC088972

LOCATION OF WINDMILLS
Tirade Village, Tal. Akole, Dist. Ahmednagar

INFORMATION FOR SHAREHOLDERS
Annual General Meeting

Day & Date	:	Thursday, 27 August 2020
Time	:	11.30 a.m. (IST)
Venue	:	Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)
Date of Book Closure	:	21 August 2020 to 27 August 2020, (both days inclusive)

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DECADE AT A GLANCE

(₹ in Millions)

Sr. No.	Particulars	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
1	Net Sales – Windmill	35	30	25	35	48	34	134	131	138	41
2	Other Income	826	749	779	444	719	591	504	387	648	647
3	Profit Before Tax	649	568	492	375	684	543	541	430	692	602
4	Profit After Tax	595	495	424	288	603	451	467	361	675	553
5	Dividend Amount	**97	204	204	***194	194	194	39	39	39	24
6	Dividend (%)	**100	210	210	***200	200	200	40	40	40	25
7	Earning Per Share (₹)*	61	51	44	30	62	46	48	37	69	57
8	Book Value Per Share (₹)*	863	1,239	1,732	783	753	713	689	645	612	548
9	Share Capital	97	97	97	97	97	97	97	97	97	97
10	Reserves and Surplus	8,280	11,935	16,498	7,501	7,213	6,826	6,594	6,160	5,844	5,215
11	Shareholders' Funds	8,377	12,032	16,595	7,598	7,310	6,923	6,691	6,257	5,941	5,312
12	Loan Funds	-	-	-	-	-	-	-	-	-	-
13	Total Capital Employed	8,377	12,032	16,595	7,598	7,310	6,923	6,691	6,257	5,941	5,312
14	Gross Block	783	751	687	420	402	402	401	441	442	439
15	Net Block	425	421	380	130	122	130	142	205	237	265
16	Net Current Assets	1,228	923	564	786	490	835	678	792	560	581

* Under the Scheme of Arrangement, after reduction of share capital in terms of the said Scheme, 5 equity shares of ₹ 2 each have been consolidated into 1 equity share of ₹ 10 each.

** Interim Dividend paid in March 2020.

*** Interim Dividend paid in March 2016.

Board's Report for Financial Year 2019-20

To The Members,

The Directors have pleasure in presenting this 26th Annual Report with the Audited Annual Accounts of the Company for the year ended 31 March 2020.

I. FINANCIAL PERFORMANCE (STANDALONE):

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Total Income	**8,609**	7,792
Total Expenditure	**2,117**	2,112
Profit before exceptional items and taxation	**6,492**	5,680
Profit before taxation	**6,492**	5,680
Provision for tax (including Deferred Tax)	**547**	729
Net Profit	**5,945**	4,951
Balance of Profit / (Loss) from previous year	**48,646**	45,964
Add: Lapse of ESOP outstanding	**-**	14
Less: Re-measurement of defined benefit plans (net of Taxes)	**(22)**	(7)
Dividend paid on equity shares:		
For the Financial Year 2017-2018	**-**	2,039
For the Financial Year 2018-2019	**2,039**	-
For the Financial Year 2019-2020	**971**	-
Tax on final / interim dividend:		
For the Financial Year 2017-2018	**-**	237
For the Financial Year 2018-2019	**129**	-
For the Financial Year 2019-2020	**-**	-
Profit available for appropriation	**51,430**	48,646
Balance carried to Surplus in Statement of Profit and Loss	**51,430**	48,646

II. DIVIDEND:

The Directors have declared an interim dividend of 100% (₹ 10 per share) for the year ended 31 March 2020. In view of the same, your Directors do not recommend a final dividend for the Financial Year 2019-2020. (Previous year final dividend 210%, i.e., ₹ 21 per equity share of ₹ 10 each) and the payment of interim dividend shall be the final dividend for the Financial Year 2019-2020.

III. CLASSIFICATION OF THE COMPANY AS A CORE INVESTMENT COMPANY (CIC):

The Company is a CIC regulated by the Reserve Bank of India (RBI) and is complying with all the regulations required for a CIC.

The Company submitted an application to the RBI for seeking approval to raise funds for its real estate business. In reply to the aforesaid letter, RBI advised the Company to make an application for registration as an NBFC-CIC, if it wants to access public funds.

IV. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A. OPERATIONS OF THE COMPANY:

WINDMILLS:

The Company has seven Wind Energy Generators (WEGs) in Maharashtra with total installed capacity of 5.6 Megawatt (MW). The WEGs are located at Tirade Village, Tal. Akole, Dist. Ahmednagar. The WEGs have generated net wind energy of close to one crore units of electricity in the year under review as against 85 lakh units of electricity in the previous year showing increase of 16% over the previous year.

The Company had Open Access Permission from Maharashtra State Electricity Distribution Company Limited (MSEDCL) and was selling the wind power units generated to a leading global IT company. However, the said company terminated the arrangement with effect from 1 October 2019.

In view of the same, the Company reviewed the generation and utilisation pattern and to avoid non-utilisation of wind generated units, the Company had obtained Short Term Open Access (STOA) Permissions to sell brown energy to third party consumer for the period from 1 October 2019 to 31 March 2020. During the year, the Company has also sold 1,117 RECs, which has resulted in revenue of ₹ 25 lakhs. The Company is holding 528 unsold RECs as on 31 March 2020.

REAL ESTATE ACTIVITIES:

The Company owns some land parcels in Pune. During the year under review, the Company has taken various measures for the development of the land parcels at Kothrud. Accordingly, the Company has appointed various consultants / sub-consultants for obtaining necessary permissions / No Objection Certificates (NOCs) from various Regulatory Authorities and rendering master planning and architectural design consultancy services, etc.

During the year under review, the Company has also received certain statutory approvals / permissions.

During the year, the Company has spent ₹ 1,782 lakhs on real estate activities, in addition to ₹ 4,091 lakhs spent upto the previous year, thus aggregating a spend of ₹ 5,873 lakhs on real estate business till 31 March 2020. The Company has dedicated staff strength of in addition to the common resources and various consultants to manage the real estate business.

OTHERS:

The Company owns lands and buildings thereon and apartments and offices in Pune, New Delhi and Jaipur. The Company has given most of these lands and buildings and offices on leave and license basis to group and other companies which generated revenue of ₹ 2,774 lakhs (₹ 3,060 lakhs as on 31 March 2019).

The Company has disposed off the vacant apartment at Bangalore during the Financial Year 2019-2020. Consequently, the Company has realised revenue of ₹ 231 lakhs and profit on sale of property is ₹ 202 lakhs.

The Company being a CIC continues to invest the surplus funds in fixed deposits and liquid funds. These investments stand at ₹ 8,101 lakhs (previous year ₹ 7,053 lakhs). These surplus funds will be used for the business operations of the Company as and when required.

During the year under review, your Company made investments of ₹ 17.50 lakhs in the equity shares of Kirloskar Management Services Private Limited (KMSPL). Pursuant to the said investment, the Company's holding in KMSPL is 7.00 % as on 31 March 2020.

B. COMPANY PERFORMANCE:

During the year under review, your Company earned an income of ₹ 8,609 lakhs (previous year ₹ 7,792 lakhs).

In the year under review, the Company received dividend of ₹ 2,540 lakhs (previous year ₹ 2,774 lakhs) declared by the investee companies for the Financial Year 2018-2019 as final dividend. The Company also received interim dividend of ₹ 2,294 lakhs (previous year ₹ 976 lakhs) declared by some of the investee companies in the year 2019-2020. Consequently, the total dividend inflow during the year was ₹ 4,834 lakhs (previous year ₹ 3,750 lakhs) .

The Profit Before Tax is at ₹ 6,492 lakhs (previous year ₹ 5,680 lakhs) mainly due to the receipt of additional dividend.

C. HUMAN RESOURCES:

As on 31 March 2020, the Company has 23 employees (previous year 18 employees) on its roll, including the Managing Director and the Executive Director. These include 7 employees dedicated to the real estate business.

D. EMPLOYEES STOCK OPTIONS SCHEMES:

i) KIRLOSKAR INDUSTRIES LIMITED – EMPLOYEE STOCK OPTION PLAN 2017 (KIL ESOP 2017)

The Company had implemented the "Kirloskar Industries Limited – Employee Stock Option Plan 2017" ("KIL ESOP 2017"). The total number of options that could be granted under the KIL ESOP 2017 was limited to 4,85,000 (Four Lakhs Eighty-Five Thousand) stock options convertible into equivalent number of shares of ₹ 10 each fully paid equity share capital of the Company.

The Nomination and Remuneration Committee had granted 2,81,898 stock options at an exercise price of ₹ 900 per stock option under the KIL ESOP 2017, from time to time, to identified employees.

These identified employees had voluntarily surrendered the stock options granted under the KIL ESOP 2017, due to the options being underwater. These stock options were cancelled and brought back to the aggregate options pool of 4,85,000 (Four Lakhs Eighty-Five Thousand) stock options.

In view of the above, the members of the Company had passed Special Resolution through Postal Ballot and approved the amendment / modifications in the KIL ESOP 2017, by way of reduction, the total number of stock options and total number of shares under the KIL ESOP 2017, from 4,85,000 (Four Lakhs Eighty-Five Thousand) to nil, without any retrospective effect on existing stock options granted under the KIL ESOP 2017.

A certificate from G.D. Apte & Co., Chartered Accountants, Statutory Auditors of the Company comfirming that the KIL ESOP 2017, has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolution passed by the Company at its Annual General Meeting held on 28 August 2017, would be placed before the member at the ensuing Annual General Meeting. A copy of the same will also be available for the inspection at the Company's Registered Office.

ii) KIRLOSKAR INDUSTRIES LIMITED – EMPLOYEES STOCK APPRECIATION RIGHTS PLAN 2019

The Members of the Company had passed Special Resolution through Postal Ballot and approved 'Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019' ('KIL ESARP 2019') and authorised the Board to create, offer and grant from time to time, in one or more tranches, such number of Equity Settled Stock Appreciation Rights

(ESARs) to employees of the Company and its subsidiary company(ies), 4,85,000 (Four Lakhs Eighty-Five Thousand) equity shares of face value of ₹ 10 (Rupees Ten only) each fully paid-up, where one ESAR upon exercise shall entitle for lesser than one equity share of the Company to be issued on such terms and conditions, as may be determined in accordance with the provisions of the KIL ESARP 2019 and in due compliance with the applicable laws and regulations including SEBI (Share Based Employee Benefits) Regulations, 2014, (Employees Benefits Regulations).

During the year under review, the Company granted an aggregate of 4,70,898 ESARs exercisable into not more than 4,85,000 (Four Lakhs Eighty-Five Thousand) equity shares of the Company at face value of ₹ 10 (Rupees Ten only) each fully paid-up, under the KIL ESARP 2019, to the employees of the Company. The KIL ESARP 2019 was administered by the Nomination and Remuneration Committee of the Board of Directors.

KIL ESARP 2019 is in compliance with the applicable provisions of the Companies Act, 2013 and its Rules, Employees Benefits Regulations and other applicable Regulations, if any.

A certificate from G. D. Apte & Co., Chartered Accountants, Statutory Auditors of the Company, confirming that the KIL ESARP 2019, has been implemented in accordance with Employees Benefits Regulations and in accordance with the Special Resolution passed by the Company through Postal Ballot on 29 December 2019, would be placed before the members at the ensuing Annual General Meeting. A copy of the same will also be available for the inspection at the Company's Registered Office.

Details of KIL ESOP 2017 and KIL ESARP 2019, as required under Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014, read with Regulation 14 of Employees Benefits Regulations, as on 31 March 2020, are set out in **'Annexure I'** to this Report and are available on the Company's website at www.kil.net.in.

E. CONCERNS AND THREATS:

As a practice of good corporate governance, the Board of Directors has voluntarily constituted a Risk Management Committee (the Committee) to identify the risks, mitigate the same and monitor the development and deployment of risk mitigation action plans for the businesses of the Company.

The Company has deployed risk management process which includes risk identification, its assessment and its treatment, mitigation, monitoring and reviewing actions. The Company prioritises and manages the risks identified through its Risk Registers.

The Committee regularly presents the risk assessment and mitigation procedures adopted to assess the reliability of the risk management structure and efficiency of the process before the Audit Committee and the Board of Directors of the Company at their respective Meetings.

The Committee regularly meets every quarter, discusses all the mapped risks, evaluates future risks and reviews the mitigation plan for the identified risks for all business segments.

F. PROSPECTS:

In the last month of Financial Year 2019-2020, the coronavirus ('COVID-19') Pandemic developed rapidly into a global crisis forcing the State and Central Governments to enforce lock downs, which may have uncertainties in the economic and business scenario during the current year.

IMPACT ON THE PERFORMANCE OF THE COMPANY DUE TO OUTBREAK OF COVID-19

The business of the Company during the Financial Year 2019-2020 was not affected. In compliance with directives issued by the State and Central Governments from time to time, the offices of the Company remain closed from 23 March 2020.

To ensure safety and wellbeing of the employees, the Company took adequate precautions against COVID-19 which include work from home policy, regular communication with employees, sharing on online learning programs, online meetings, travel restrictions and health advisories.

Pursuant to the guidelines issued by the Governments, our offices have resumed with limited staff with effect from 8 June 2020.

The following necessary precautions are being taken to ensure safety of the employees:

- Thermal screening at entry points.
- Sanitation materials at entry point.
- Masks for employees and visitors.
- Heightened cleaning and sanitisation of the office premises at regular intervals.
- Ban on all but critical travel.
- Maintain social distancing at office.

The Company expects to earn a lower revenue in the Financial Year 2020-2021. However, the Company considers that the robust business processes in place and its rigorous management of operating costs will enable it to emerge from the current environment in a positive position, while protecting its employees' health, its sound financial balances and the potential of its economic activities.

The analysis of the liquidity over the next 12 months has not identified elements that could affect the going concern of the Company.

In the short term, the Company is reducing discretionary expenditure and reallocating resources. As part of these mitigation measures, the Company is stopping or deferring various expenditures that will not be effective in the current environment.

WINDMILL OPERATIONS

Wind energy generation is largely depending on natural factors such as velocity of wind, continuity of the flow, etc. and are unpredictable and beyond control. The business is also largely impacted adversely by changes made by the Regulatory Authorities in the open access policies.

The Company had identified third party consumer to sell brown energy for the period from 1 April 2020 to 30 June 2020. However, due to the outbreak of COVID-19, plants of the identified third party consumer were shut down. To avoid losses, the Company has decided to sell wind generated units for a period of 3 months from 1 April 2020 to 30 June 2020, to Maharashtra State Electricity Distribution Company Limited.

REAL ESTATE BUSINESS

Various activities have been undertaken and completed and approvals obtained for further development of land parcels at Kothrud. We are currently assessing impact of COVID-19 on the real estate business and further gathering information about the real estate landscape, ecosystem demand, tenancy mix, along with assessment of the capital cost of the business.

G. INTERNAL CONTROLS SYSTEM AND THEIR ADEQUACY:

The Company has adequate internal controls system to ensure operational efficiency, accuracy and promptness in financial reporting and compliance of various laws and regulations.

The internal controls system is supported by the internal audit process. An Internal Auditor has been appointed for this purpose. The Audit Committee of the Board reviews the Internal Audit Report and the adequacy and effectiveness of internal controls periodically.

H. 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.

I. SEBI REGULATIONS AND LISTING FEES:

The annual listing fees for the year under review have been paid to BSE Limited and National Stock Exchange of India Limited, where your Company's shares are listed.

J. DETAILS OF MATERIAL SUBSIDIARY:

In terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Kirloskar Ferrous Industries Limited (KFIL) is a material subsidiary of the Company, in which, the Company holds 51.26% of its total shareholding.

During the year under review, KFIL has not sold / disposed off and leased assets more than 20% of its assets.

K. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS:

As on 31 March 2020, the Company has one subsidiary, i.e., Kirloskar Ferrous Industries Limited (KFIL).

The Consolidated Financial Statements of the Company and its subsidiary, prepared in accordance with IND AS 110, issued by the Institute of Chartered Accountants of India, forms part of this Annual Report. A statement containing the salient features of the Financial Statement of the subsidiary company is attached to the Financial Statements of the Company in Form AOC-1.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Financial Statements along with relevant documents of the Company and its subsidiary, are available on the Company's website, viz., www.kil.net.in.

The Financial Statements of the subsidiary and related detailed information will be kept for inspection by any member at the Registered Office of the Company and will also be made available to the members on demand, at any point of time.

BRIEF HIGHLIGHTS OF BUSINESSES OF SUBSIDIARY COMPANY:

KIRLOSKAR FERROUS INDUSTRIES LIMITED:

Kirloskar Ferrous Industries Limited (KFIL) is in the business of manufacturing of iron castings and has its manufacturing facilities at Bevinahalli village in Karnataka and Solapur in Maharashtra.

The Board of Directors of KFIL declared an interim dividend of ₹ 2 (40%) per equity share at its meeting held on 5 March 2020. The Board has not proposed any further dividend and the payment of interim dividend shall be the final dividend for the Financial Year 2019-2020.

During the year under review, KFIL achieved net sales of ₹ 1,84,966 lakhs (previous year ₹ 2,15,915 lakhs).

Profit Before Tax (PBT) for the year under review was higher stood at ₹ 15,618 lakhs, as compared to ₹ 14,671 lakhs of previous year, after providing for depreciation and amortisation.

KFIL sold 3,58,146 MT of Pig Iron valued at ₹ 1,07,000 lakhs during the Financial Year 2019-2020, as compared to 3,58,558 MT of Pig Iron valued at ₹ 1,17,572 lakhs in the previous year.

KFIL sold 78,663 MT castings aggregating to ₹ 73,421 lakhs during the Financial Year 2019-2020, as compared to 97,268 MT castings aggregating to ₹ 92,311 lakhs in the previous year.

The demand for Pig Iron during the first half of FY 2019-2020 was low from Auto and Pump sector in Southern and Western region and KFIL took a strategic decision to sell the Pig Iron in the markets where the demand for the product was good.

Though the demand for the Pig Iron was low in the first half of FY 2019-2020, it improved in the second half of FY 2019-2020. Even though the prices of input materials increased in the last quarter of FY 2019-2020, the Company was able to pass on the increasing costs to the customers and thereby improve the performance.

During the year under review, KFIL took steps towards reducing the coke consumption and improving the power generation to bring the reduction in the manufacturing cost of Pig Iron.

Sale of castings were on low till end of October 2019, due to weak demand both in Tractor and Auto Industry, (i.e., both in utility vehicles and commercial vehicles). From November 2019 onwards, there was a gradual improvement in the demand for the castings from both Tractor Industry and Auto Industry. During the period of sluggishness KFIL worked with all its customers to increase the share of business from the existing products and also to develop new parts. From January 2020 onwards, demand for castings further increased from all the customers. All the castings of Cylinder Block and Head supplied to Auto Industry were smoothly migrated to BS-VI variant.

KFIL commissioned 2 lakhs MT coke oven project on 31 March 2020. Operation of this coke oven at its full capacity will enable KFIL in reducing the cost of coke.

KFIL has commissioned 20 MW power plant (using waste gas generated from the coke oven plant) in June 2020. Upon commissioning of the said power plant, generated power would be captively used at Koppal Plant and this facility would achieve the self-sufficiency in power requirement resulting in reduction of power cost.

In view of Global nature of the pandemic COVID-19 and the uncertainties arround its severity and duration of the impact, it is difficult to determine the potentian impact on the performance of the Company in the future as a part of mitigation measure, the Company has stopped and deffered spends that will not be essentials in the current environment and has been managing working capital effectively.

L. DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS:

There are no significant changes, i.e., change of 25% or more, as compared to the immediately previous Financial Year in key financial ratios.

M. RETURN ON NET WORTH:

Details of change in Return on Net Worth as compared to the immediately previous Financial Year as follows:

Sr. No.	Particulars	Ratio as on 31 March 2020	Ratio as on 31 March 2019	% of Change	Explanations
1	Net worth	7.10	4.11	72	Refer Note No. 1

Note:

1. Return on net worth has increased from 4.11 to 7.10 on account of diminution in market value of investment from ₹ 93,335 lakhs as on 31 March 2019 to ₹ 54,039 lakhs as on 31 March 2020.

V. 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 as '**Annexure II**' to this Report.

The Annual Return filed with the Ministry of Corporate Affairs (MCA), for the Financial Year 2018-2019, is available on the website of the Company, viz., www.kil.net.in and the Annual Return for the Financial Year 2019-2020, will be made available on the website of the Company once it is filed with the MCA.

2. NUMBER OF MEETINGS OF THE BOARD:

During the year under review, 6 Board Meetings were convened and held, the details of which form part of the Report on Corporate Governance. The intervening gap between the Meetings was within the period prescribed under the Act.

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 Financial Statements for the year ended 31 March 2020, the applicable accounting standards had been followed and there were no material departures;

b) accounting policies as mentioned in Note No. 4 of the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2020 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 Act, 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 in place and that the 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 were adequate and operating effectively.

4. A STATEMENT ON DECLARATION BY 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 Rules thereunder including amendments thereto and Regulation 16 (1) (b) and 25 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, including amendments thereto and also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

Further, pursuant to Sub-rule (1) and (2) of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and amendments thereto, all Independent Directors confirmed that they have enrolled their name in the data bank with the Institute of Corporate Affairs, New Delhi, India, within prescribed time period.

The Company has laid down a Code for the Board of Directors and Senior Management of the Company (Code of Conduct). The Code of Conduct is available on the Company's website, viz., www.kil.net.in.

All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct.

5. A STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED / RE-APPOINTED DURING THE YEAR:

The Board of Directors considered the valuable contribution made by Mr. Tejas Deshpande, Independent Director and that he possesses the requisite expertise and experience (including the proficiency) and he is a person of integrity and repute. Accordingly, the Board approved his reappointment as an Independent Director for the second term of 5 years, subject to approval of the members of the Company.

6. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The Board has on the recommendation of the Nomination and Remuneration Committee adopted a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration.

The Nomination and Remuneration Policy is available on the website of the Company, viz., www.kil.net.in.

7. AUDITORS:

a. **Statutory Auditors:**

G. D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W), Pune, were appointed as the Statutory Auditors of the Company under Section 139 of the Companies Act, 2013, to hold the office for a second term of five years from the conclusion of the Annual General Meeting (AGM) held on 11 August 2016, till the conclusion of the AGM of the Company, to be held in the year 2021.

The Company has received a certificate from the Statutory Auditors to the effect that they are fulfilling requirements prescribed under the provisions of Section 141 of the Companies Act, 2013.

b. **Cost Auditors:**

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company was not required to audit cost records relating to Electricity Industry (Windmills) for the Financial Year 2019-2020.

c. **Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligation and Disclosure Requirements) the Regulations, 2015, the Company had appointed Mr. Mahesh J. Risbud, Practicing Company Secretary, (FCS 810 CP 185), Pune, to undertake the Secretarial Audit of the Company.

The Report of the Secretarial Audit is annexed as '**Annexure III**' to this Report.

Mr. Mahesh J. Risbud, Practising Company Secretary, Pune, has submitted Secretarial Compliance Report as laid down in SEBI Circular CIR/CFD/CMD1/27/2019 dated 8 February 2019, and has also confirmed that the Company has complied with all applicable SEBI Regulations and circulars / guidelines issued thereunder, for the Financial Year 2019-2020.

8. **MAINTENANCE OF COST RECORDS:**

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company was not required to maintain cost records relating to Electricity Industry (Windmill) in Form CRA - 1 for the Financial Year 2019-2020. However, the Company has voluntarily maintained cost records relating to Windmills in Form CRA – 1 for the Financial Year 2019-2020.

9. **EXPLANATION OR COMMENTS OF STATUTORY AUDITORS AND SECRETARIAL AUDITORS:**

There are no qualifications, reservations or adverse remarks or disclaimer made by the Statutory Auditor in their Audit Report or by the Practising Company Secretary in the Secretarial Audit Report for the year ended 31 March 2020.

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

Your Company has not granted any loan or guarantee during the year.

During the year under review, the Company has invested of ₹ 17.50 lakhs in equity capital of Kirloskar Management Services Private Limited.

11. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013:**

Pursuant to the provisions of Section 134 of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, the particulars of all 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. Related party disclosures as per the Indian Accounting Standard 24 (Ind AS 24) have been provided in Note No. 43 to the Financial Statements.

12. **STATE OF COMPANY'S AFFAIRS:**

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

13. **AMOUNTS PROPOSED TO BE CARRIED TO RESERVES:**

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

14. **MATERIAL CHANGES AND COMMITMENTS, BETWEEN THE DATE OF BALANCE SHEET AND THE DATE OF REPORT:**

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report.

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

A. **Conservation of Energy and Technology Absorption:**

The Company has no particulars to report regarding conservation of energy and technology absorption as required under Section 134 (3) (m) of the Companies Act, 2013, read with Rules thereunder.

B. **Foreign exchange earnings and outgo:**

(₹ in lakhs)

Particulars	**Amount**
Foreign exchange earnings	Nil
Foreign exchange Outgo	Nil

16. RISK MANAGEMENT POLICY:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through risk mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company from time to time.

17. CORPORATE SOCIAL RESPONSIBILITY:

The Company has been carrying out Corporate Social Responsibility (CSR) activities. These activities carried out in terms of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (CSR 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 as **'Annexure IV'** to this Report.

18. BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 (10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out performance evaluation of its own performance and that of its committees and individual Directors. Performance evaluation has been carried out as per the criteria prescribed by the Nomination and Remuneration Committee.

19. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

Name and Registered Office of the Subsidiary Company	% Holding	Particulars	2019-2020 Amount (₹ in lakhs)
Kirloskar Ferrous Industries Limited, 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003	51.26	Total income	1,86,530
		Profit before tax	15,618
		Tax expenses	4,381
		Profit for the year	11,237
		Other comprehensive income for the year	(125)
		Total comprehensive income for the period	11,112
		Profit brought forward from previous year	33,463
		Final Dividend (2018-2019) paid on equity shares	(1,377)
		Tax on above Dividend	(283)
		Interim dividend paid on equity shares	(2,756)
		Tax on above Dividend	(567)
		Profit available for appropriation	39,592
		Transfer to General Reserves	(500)
		Balance carried to surplus in the Statement of Profit and Loss	39,092

Name and Registered Office of the Associate Company	% Holding	Particulars	2019-2020 Amount (₹ in millions)
# Kirloskar Brothers Limited, Yamuna, Survey No. 98/3 to 7, Plot No. 3, Baner, Pune 411 045	23.91	Total income	21,224
		Total expenditure	19,960
		Profit before exceptional items and taxation	1,264
		Profit before taxation	1,200
		Provision for tax (including Deferred Tax)	408
		Net profit	792
		Other comprehensive income	(7)
		Balance of Profit / (Loss) from previous year	Not available
		Dividend paid on equity shares	Not available
		Tax on above dividend	Not available
		Profit available for appropriation	Not available
		Transfer to General Reserve	Not available
		Balance carried to surplus in the Statement of Profit and Loss	Not available

Note:

The Company does not have significant influence on Kirloskar Brothers Limited (KBL) as it does not participate in the management and / or financial decisions of KBL. As such KBL is not an Associate Company of the Company under the IND AS 24 and as such its financials are not included in the Consolidated Financial Statements of the Company. Hence, the aforesaid information is obtained from the website of the KBL for quarter and year ended on 31 March 2020, approved by its Board on 5 June 2020 and published on the website of the stock exchanges on 5 June 2020.

20. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

In Financial Year 2019-2020, there was no change in the nature of business of the Company.

21. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Directors appointed / re-appointed during the year:

Name of Director	Designation	Terms of Appointment
Mr. Atul Kirloskar *	Non-Executive Director	Re-appointed w.e.f. 8 August 2019, subject to retirement by rotation.
Mr. Anil Alawani *	Non-Executive Director	Re-appointed w.e.f. 8 August 2019, subject to retirement by rotation.

* Mr. Atul Kirloskar and Mr. Anil Alawani retired by rotation and were re-appointed in the Annual General Meeting held on 8 August 2019.

Key Managerial Personnel appointed during the year:

During the year under review, Mr. Umesh Shastry, Chief Financial Officer of the Company, has been appointed as Key Managerial Personnel of the Company.

22. DIRECTORS AND KEY MANAGERIAL PERSONNEL RESIGNED DURING THE YEAR 2019-2020:

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

Mrs. Jasvandi Deosthale resigned as Chief Financial Officer of the Company, with effect from 16 May 2019.

23. DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED AT THE ENSUING ANNUAL GENERAL MEETING:

Mr. Mahesh Chhabria and Mr. Nihal Kulkarni who retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has also received the requisite disclosures / declarations from Mr. Mahesh Chhabria and Mr. Nihal Kulkarni.

Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors has sought the approval of the Members for the re-appointment of Mr. Tejas Deshpande as an Independent Director to hold office for a second term of 5 (five) consecutive years with effect from 28 August 2020. In the opinion of the Board of Directors, Mr. Tejas Deshpande fulfills the conditions specified in the Companies Act, 2013 and Rules thereunder and also possess requisite expertise and experience (including the proficiency) and he is a person of high integrity and repute so as to enable the Board to discharge its functions and duties effectively and he is independent of the management.

Pursuant to Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 and upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors has sought the approval of the Members for continuation of directorship of Mr. Anil Alawani as a Non-Executive Non-Independent Director after attainment of age of seventy five years.

The brief resumes and other details relating to Directors who are proposed to be re-appointed, as required to be disclosed under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, form part of the Statement setting out material facts annexed to the Notice of the Annual General Meeting.

The resolutions seeking approval of members for the re-appointment of these Directors have been incorporated in the Notice of the forthcoming Annual General Meeting of the Company.

24. NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR:

None

25. DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE COMPANIES ACT, 2013:

None

26. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

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

27. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has developed a strong two-tier internal control framework comprising entity level controls and process level controls. The entity level controls of the Company include elements such as defined Code of Conduct, Whistle Blower Policy / Vigil Mechanism, rigorous management review and Management Information System (MIS) and strong internal audit mechanism. The process level controls have been ensured by implementing appropriate checks and balances to ensure adherence to Company policies and procedures, efficiency in operations and also reduce the risk of frauds.

During the year under review, the Company appointed Ernst & Young (EY) to prepare Standard Operating Procedures (SOPs) and Chart of Authority (COA) for ensuring internal controls and reporting mechanism with respect to real estate business. These SOPs have been put in place in order to ensure a robust internal control mechanism.

Regular management oversight and rigorous periodic testing of internal controls makes the internal controls environment strong at the Company. The Audit Committee along with the Management oversees results of the internal audit and reviews implementation on a regular basis.

28. COMPOSITION OF THE AUDIT COMMITTEE:

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

VI. INFORMATION FORMING PART OF THE BOARD'S REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUENRATION OF MANAGERIAL PERSONNEL) RULES, 2014:

The relevant information pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **'Annexure V'** to this Report.

The particulars of top ten employees pursuant to the aforesaid Rules form part of this Report. In terms of Section 136 (1) of the Companies Act, 2013, the Board's Report is being sent to the members without this Annexure. The members interested in obtaining a copy of this Annexure may write to the Company Secretary at the Company's Registered Office.

VII. VIGIL MECHANISM:

The Company has a Whistle Blower Policy / Vigil Mechanism (the Policy) to deal with instances of fraud, unethical behavior, etc. The Policy provides a mechanism for Directors and employees of the Company and other persons dealing with the Company to report genuine concerns including but not limited to unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct for Board of Directors and Senior Management or ethics policy or leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations, 2015, or any other instance to the Chairman of the Audit Committee of the Board of Directors of the Company. The Policy is placed on the Company's website, viz., www.kil.net.in.

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

During the year under review, the Company has complied with the provisions relating to the constitution of Internal Committee (the Committee) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Committee comprises four members including one external member.

During the year under review, four meetings of the Committee were held on 7 May 2019, 29 July 2019, 16 October 2019 and 20 January 2020.

The Company has in place a Policy for Prevention of Sexual Harassment at workplace. This would, *inter alia,* provide a mechanism for the resolution, settlements or prosecution of acts or instances of sexual harassment at workplace and to ensure that all employees are treated with respect and dignity.

The details of complaints filed, disposed off and pending during the Financial Year pertaining to sexual harassment is provided in the Business Responsibility Report of this Report.

IX. CASH FLOW:

A Cash Flow Statement for the year ended 31 March 2020, is attached to the Balance Sheet as a part of the Financial Statements.

X. COMPLIANCES WITH RESPECT TO APPLICABLE SECRETARIAL STANDARDS:

During the year under review, the Company has complied with all the applicable secretarial standards.

XI. CORPORATE GOVERNANCE:

In terms of Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, a Report on the Corporate Governance along with the Compliance Certificate issued by the Statutory Auditors of the Company is attached and forms part of the Annual Report.

XII. REMUNERATION RECEIVED BY THE MANAGING DIRECTOR / EXECUTIVE DIRECTOR FROM SUBSIDIARY COMPANY:

Sr. No.	Name of Director	Designation	Remuneration received from Kirloskar Ferrous Industries Limited, Subsidiary Company in ₹
1	Mr. Mahesh Chhabria	Managing Director	7.50 lakhs
2	Ms. Aditi Chirmule	Executive Director	Nil

XIII. BUSINESS RESPONSIBILITY REPORT (BRR):

The Regulations mandate the inclusion of the BRR as part of the Annual Report for top 1000 listed entities based on market capitalisation. In compliance with the Regulations, the Company has integrated BRR disclosures into the Annual Report.

ACKNOWLEDGEMENTS:

Your Directors would like to place on record their appreciation of the contribution made and support provided to the Company by the members, employees and bankers, during the year under Report.

For and on behalf of the Board of Directors

Pune: 22 June 2020

ATUL KIRLOSKAR
CHAIRMAN
DIN 00007387

ANNEXURE I TO THE BOARD'S REPORT

DISCLOSURES PURSUANT TO RULE 12 (9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014, READ WITH REGULATION 14 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014, READ WITH SEBI CIRCULAR DATED 16 JUNE 2015, ON ESOP / ESAR DISCLOSURS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

A. Relevant disclosures in terms of the 'IND AS 102 – Share - Based Payments' notified under Section 133 of the Companies Act, 2013, (the Act), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:

All the relevant disclosures in terms of the 'IND AS 102 – Share – Based Payments' notified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, are made in the Financial Statements.

B. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with 'IND AS 33 - Earnings Per Share':

Diluted EPS of the Company is ₹ 61.23.

C. Details related to Employees Stock Options Schemes (ESOSs) of the Company:

i. Description of ESOSs that existed at any time during the year:

Sr. No.	Particulars	Kirloskar Industries Limited - Employee Stock Option Plan 2017 (KIL ESOP 2017)	Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019 (KIL ESARP 2019)
a.	Date of members' approval	20 August 2017 and further amended on 11 August 2018.	The members of the Company had passed Special Resolution through Postal Ballot on 29 December 2019.
b.	Date of grant	• 1 November 2017 • 25 October 2018	30 January 2020
c.	Total number of ESOPS / ESARs approved	4,85,000 (Four Lakhs Eighty-Five Thousand).	4,85,000 (Four Lakhs Eighty-Five Thousand) ESARs, where one ESAR upon exercise shall entitle for lesser than one equity share of the Company.

Sr. No.	Particulars	Kirloskar Industries Limited - Employee Stock Option Plan 2017 (KIL ESOP 2017)	Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019 (KIL ESARP 2019)
d.	Vesting Requirement	a. **For vesting of options** There shall be a minimum period of one (1) year between grant of options and vesting of options. The options would vest over a maximum period of three (3) years. Based on being in continued employment with the Company and if the Nomination and Remuneration Committee feels necessary, in certain or in all cases, specify certain performance parameters, i.e., corporate, individual or combination, subject to which options will vest. b. **For exercise of options** Three (3) years from the date of vesting.	a. **For vesting of ESARs** The ESARs granted under the KIL ESARP 2019 would vest after a minimum period of one (1) year but not later than a maximum period of four (4) years from the Grant Date of such ESARs. Based on being in continued employment with the Company or subsidiary company(ies). b. **For exercise of ESARs** Five (5) years from the date of vesting.
e.	Exercise price or pricing formula	₹ 900 per option	₹ 500 per ESAR
f.	Source of shares	Primary	Primary
g.	Variation in terms of options	Nil	Nil

ii. **Methods to account for KIL ESOP 2017 and KIL ESARP 2019:**

The Company uses Fair Value Method of accounting for ESOPs and ESARs, which is in accordance with IND AS 102.

iii. **The difference between the employee compensation cost computed using the intrinsic value of options and the employee compensation cost that shall have been recognised if it had used the fair value of the options:**

Not applicable.

iv. **Options movement during the year:**

Particulars	KIL ESOP 2017	KIL ESARP 2019
Number of ESOPs / ESARs outstanding at the beginning of the period (Nos.)	3,20,730	Nil
Number of ESOPs / ESARs granted during the year	Nil	4,70,898
Number of ESOPs / ESARs cancelled during the year during year	2, 81,898	Nil
Number of ESOPs / ESARs forfeited / lapsed during year	38,832	Nil
Number of ESOPs / ESARs vested during the year	Nil	Nil
Number of ESOPs / ESARs exercised during the year	Nil	Nil
Number of shares arising as a result of exercise of ESOPs / ESARs	Nil	Nil
Money realised by exercise of ESOPs / ESARs (INR), if scheme is implemented directly by the Company	Nil	Nil
Number of ESOPs / ESARs outstanding at the end of the year	Nil	4,70,898
Number of ESOPs / ESARs exercisable at the end of the year	Nil	Nil

v. **Weighted-average exercise price and weighted-average fair value of ESOPs / ESARs granted during the year, where exercise price is less than the market price on the date of grant:**

Particulars	KIL ESOP 2017 in ₹	KIL ESARP 2019 in ₹
Weighted-average exercise price	NA	500
Weighted-average Fair Value	NA	263.68

vi. **Employee wise details (name of employee, designation, number of ESOPs / ESARs granted) during the Financial Year 2019-2020 to:**

a) **Senior Managerial Personnel:**

Sr. No.	Name of Employee	Designation	No. of ESOPs Granted During the Year	No. of ESARs Granted During the Year
1.	Mr. Mahesh Chhabria	Managing Director	Nil	2,31,000
2.	Ms. Aditi Chirmule	Executive Director	Nil	48,540
3.	Mr. Umesh Shastry	Chief Financial Officer	Nil	36,000
4.	Mrs. Ashwini Mali	Company Secretary	Nil	24,270
5.	Mr. Lokesh Gupta	Vice President – Projects	Nil	36,000
6.	Mr. Chandrahas Charekar	Vice President – Strategy and Coordination	Nil	36,000
7.	Mr. Jagdish Purandare	Head – Human Resource	Nil	18,000
		Total	**Nil**	**4,29,810**

Non-Executive Director:

Sr. No.	Name of Employee	Designation	No. of ESOPs Granted During the Year	No. of ESARs Granted During the Year
1.	Mr. Vinesh Kumar Jairath	Non-Executive Director	Nil	33,000
		Total	**Nil**	**33,000**

b) **Any other employee / Non – Executive Director who receives a grant in any one year of ESARs amounting to 5% or more of ESARs granted during that year:**

Sr. No.	Name of Employee / Non-Executive Director	Designation	No. of ESOPs Granted During the Year	No. of ESARs Granted During the Year
1.	Mr. Mahesh Chhabria	Managing Director	Nil	2,31,000
2.	Mr. Aditi Chirmule	Executive Director	Nil	48,540
3.	Mr. Umesh Shastry	Chief Financial Officer	Nil	36,000
4.	Mr. Ashwini Mali	Company Secretary	Nil	24,270
5.	Mr. Lokesh Gupta	Vice President – Projects	Nil	36,000
6.	Mr. Chandrahas Charekar	Vice President – Strategy and Coordination	Nil	36,000
7.	Mr. Vinesh Kumar Jairath	Non-Executive Director	Nil	33,000

c) **Identified employees who were granted ESARs, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:**

Sr. No.	Name of Employee / Non-Executive Director	Designation	No. of ESOPs Granted During the Year	No. of ESARs Granted During the Year
1.	Mr. Mahesh Chhabria	Managing Director	Nil	2,31,000 (2.38%)

vii. **Description of the method and significant assumption used during the year to estimate the fair value of ESARs including the following information:**

a) The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;

b) The method used and the assumptions made to incorporate the effects of expected early exercise;

c) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and

d) Whether and how any other features of the ESARs grant were incorporated into the measurement of fair value, such as market condition.

Please refer Note No. 44 forming parts of the Financial Statements.

ANNEXURE II TO THE BOARD'S REPORT

FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN
AS AT FINANCIAL YEAR ENDED 31 MARCH 2020

[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	L70100PN1978PLC088972
ii	Registration date	13 June 1978
iii	Name of the Company	Kirloskar Industries Limited
iv	Category / Sub-Category of the Company	Public Company / limited by shares
v	Address of the Registered Office and contact details	Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune 411 005 Tel.: +91(20) 2970 4374 Fax: +91(20) 2970 4374 E mail: investorrelations@kirloskar.com Website: www.kil.net.in
vi	Whether listed Company	Yes
vii	Name, address and contact details of the Registrar and Share Transfer Agent, if any	Link Intime India Private Limited 'Akshay' Complex, Block No. 202, 2nd Floor, Near Ganesh Temple, Off. Dhole Patil Road, Pune 411 001 Tel.: +91(20) 2616 1629 / 2616 0084 Fax: +91(20) 2616 3503 E mail: pune@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company stated below:

Sr. No.	Name and Description of Main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
1	Windmill	400	4%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1.	Kirloskar Ferrous Industries Limited, 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003	L27101PN1991PLC063223	Subsidiary	51.26	2 (87) (ii)
2.	Kirloskar Brothers Limited, Yamuna, Survey No. 98 / 3 to 7, Plot No. 3, Baner, Pune 411045	L29113PN1920PLC000670	Associate	23.91	2 (6)

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

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares Held at the Beginning of the Year				No. of Shares Held at the End of the Year				% Change During the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a. Individual / Hindu Undivided Family	70,51,534	Nil	70,51,534	72.63	70,51,534	Nil	70,51,534	72.63	Nil
b. Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Bodies Corporates	46,644	Nil	46,644	0.48	46,644	Nil	46,644	0.48	Nil
e. Bank / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f. Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A)(1):-	**70,98,178**	**Nil**	**70,98,178**	**73.11**	**70,98,178**	**Nil**	**70,98,178**	**73.11**	**Nil**
a. Non Resident Indians – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. Bodies Corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Banks / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A)(2):-	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	**70,98,178**	**Nil**	**70,98,178**	**73.11**	**70,98,178**	**Nil**	**70,98,178**	**73.11**	**Nil**
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	125	2,600	2,725	0.03	125	Nil	125	0.00	(0.03)
b. Banks / Financial Institutions	3,18,358	2,862	3,21,220	3.31	3,18,376	2,862	3,21,238	3.31	Nil
c. Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f. Insurance Companies	1,18,176	Nil	1,18,176	1.22	1,18,176	Nil	1,18,176	1.22	Nil
g. Foreign Institutional Investors	9,61,205	125	9,61,330	9.90	9,61,205	125	9,61,330	9.90	Nil
h. Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i. Others (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (1):-	**13,97,919**	**5,587**	**14,03,506**	**14.46**	**13,97,882**	**2,987**	**14,00,869**	**14.43**	**(0.03)**

Category of Shareholders	No. of Shares Held at the Beginning of the Year				No. of Shares Held at the End of the Year				% Change During the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Central Govt. / State Govt. / President of India	**55**	**Nil**	**55**	**0.00**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Sub-total (B) (2):-	**55**	**Nil**	**55**	**0.00**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
3. Non – Institutions									
a. Body Corporates									
i. Indian	73,209	958	74,167	0.76	71,247	713	71,960	0.74	(0.02)
ii. Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 Lakh	8,09,237	1,23,232	9,32,469	9.60	8,10,061	1,08,499	9,18,560	9.46	(0.14)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	80,524	Nil	80,524	0.83	91,548	Nil	91,548	0.94	0.11
c. NBFC registered with RBI	1,260	Nil	1,260	0.01	860	Nil	860	0.01	**Nil**
d. Others (Specify)									
i. IEPF	38,738	Nil	38,738	0.40	45,246	Nil	45,246	0.47	0.07
ii. Clearing members	3,430	Nil	3,430	0.04	931	Nil	931	0.01	(0.03)
iii. NRI (Repatriate)	8,233	2,869	11,102	0.11	11,238	2,869	14,107	0.14	0.03
iv. NRI (Non –Repatriate)	12,399	Nil	12,399	0.13	13,872	Nil	13,872	0.14	0.01
v. Trusts	2,236	Nil	2,236	0.02	1,524	Nil	1,524	0.02	Nil
vi. Foreign Nationals	88	Nil	88	**0.00**	88	Nil	88	**0.00**	0.00
vii. HUF	50,522	Nil	50,522	0.52	50,876	Nil	50,876	0.52	Nil
Sub-total (B)(3):-	**10,79,876**	**1,27,059**	**12,06,935**	**12.43**	**10,97,491**	**1,12,081**	**12,09,572**	**12.46**	**0.03**
Total Public Shareholding (B) = (B)(1) + (B)(2) + (B)(3)	**24,77,795**	**1,32,646**	**26,10,441**	**26.89**	**24,95,373**	**1,15,068**	**26,10,441**	**26.89**	**Nil**
C. Shares held by custodian for GDRs and ADRs	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Grand Total (A+B+C)	**95,75,973**	**1,32,646**	**97,08,619**	**100.00**	**95,93,551**	**1,15,068**	**97,08,619**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding During the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	
1.	Mr. Atul Kirloskar	16,35,300	16.84	0.00	16,35,300	16.84	0.00	0.00
2.	Mr. Rahul Kirloskar	16,21,688	16.70	0.00	16,21,688	16.70	0.00	0.00
3.	Mr. Sanjay Kirloskar	2,626	0.03	0.00	2,626	0.03	0.00	0.00
4.	Mr. Vikram Kirloskar	4,632	0.05	0.00	4,632	0.05	0.00	0.00
5.	Mrs. Mrinalini Kirloskar	5,856	0.06	0.00	5,856	0.06	0.00	0.00
6.	Mrs. Suman Kirloskar	3,558	0.04	0.00	3,558	0.04	0.00	0.00
7.	Mrs. Roopa Gupta	1,392	0.01	0.00	1,392	0.01	0.00	0.00
8.	Mrs. Geetanjali Kirloskar	2	0.00	0.00	2	0.00	0.00	0.00
9.	Mrs. Jyotsna Kulkarni	11,78,592	12.14	0.00	11,78,592	12.14	0.00	0.00
10.	Mrs. Arti Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	0.00
11.	Mrs. Alpana Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	0.00
12.	Mr. Nihal Kulkarni	5,89,296	6.07	0.00	5,89,296	6.07	0.00	0.00
13.	Mr. Ambar Kulkarni	5,89,296	6.07	0.00	5,89,296	6.07	0.00	0.00
14.	Navsai Investments Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
15.	Alpak Investments Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
16.	Achyut & Neeta Holdings & Finance Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
17.	Kirloskar Chillers Private Limited	46,144	0.48	0.00	46,144	0.48	0.00	0.00
18.	Kirloskar Pneumatic Co. Limited	200	0.00	0.00	200	0.00	0.00	0.00

Notes:

1. In case of joint holdings, the name of first holder is considered.
2. No shares of promoters have been pledged or encumbered as on 1 April 2019 or 31 March 2020 or during the year ended 31 March 2020.

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

Sr. No.	Name of Shareholder	Shareholding		Cumulative Shareholding During the Year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Mr. Atul Kirloskar**				
	At the beginning of the year (01.04.2019)	16,35,300	16.84	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	16,35,300	16.84
2.	**Mr. Rahul Kirloskar**				
	At the beginning of the year (01.04.2019)	16,21,688	16.70	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	16,21,688	16.70
3.	**Mr. Sanjay Kirloskar**				
	At the beginning of the year (01.04.2019)	2,626	0.03	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	2,626	0.03
4.	**Mr. Vikram Kirloskar**				
	At the beginning of the year (01.04.2019)	4,632	0.05	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	4,632	0.05
5.	**Mrs. Mrinalini Kirloskar**				
	At the beginning of the year (01.04.2019)	5,856	0.06	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	5,856	0.06
6.	**Mrs. Suman Kirloskar**				
	At the beginning of the year (01.04.2019)	3,558	0.04	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	3,558	0.04
7.	**Mrs. Roopa Gupta**				
	At the beginning of the year (01.04.2019)	1,392	0.01	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	1,392	0.01
8.	**Mrs. Geetanjali Kirloskar**				
	At the beginning of the year (01.04.2019)	2	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	2	0.00

Sr. No.	Name of Shareholder	Shareholding		Cumulative Shareholding During the Year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of total Shares of the Company
9.	**Mrs. Arti Kirloskar**				
	At the beginning of the year (01.04.2019)	7,09,648	7.31	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	7,09,648	7.31
10.	**Mrs. Jyotsna Kulkarni**				
	At the beginning of the year (01.04.2019)	11,78,592	12.14	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	11,78,592	12.14
11.	**Mrs. Alpana Kirloskar**				
	At the beginning of the year (01.04.2019)	7,09,648	7.31	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	7,09,648	7.31
12.	**Navsai Investments Private Limited**				
	At the beginning of the year (01.04.2019)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	100	0.00
13.	**Alpak Investments Private Limited**				
	At the beginning of the year (01.04.2019)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	100	0.00
14.	**Achyut and Neeta Holdings and Finance Private Limited**				
	At the beginning of the year (01.04.2019)	100	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	100	0.00
15.	**Kirloskar Chillers Private Limited**				
	At the beginning of the year (01.04.2019)	46,144	0.48	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	46,144	0.48
16.	**Kirloskar Pneumatic Co. Limited**				
	At the beginning of the year (01.04.2019)	200	0.00	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	200	0.00
17.	**Mr. Nihal Kulkarni**				
	At the beginning of the year (01.04.2019)	5,89,296	6.07	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	5,89,296	6.07

Sr. No.	Name of Shareholder	Shareholding		Cumulative Shareholding During the Year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of total Shares of the Company
18.	**Mr. Ambar Kulkarni**				
	At the beginning of the year (01.04.2019)	5,89,296	6.07	-	-
	Increase / Decrease in shareholding	No change during the year			
	At the end of the year (31.03.2020)	-	-	5,89,296	6.07

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

Sr. No.	For each of top ten shareholders	Reason	Shareholding		Cumulative Shareholding During the Year	
			No. of Shares	% of Total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**India Capital Fund Limited**					
	At the beginning of the year (01.04.2019)		9,61,205	9.90	-	-
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2020)		-	-	9,61,205	9.90
2.	**The Oriental Insurance Company Limited**					
	At the beginning of the year (01.04.2019)		1,42,251	1.47	-	-
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2020)		-	-	1,42,251	1.47
3.	**The New India Assurance Company Limited**					
	At the beginning of the year (01.04.2019)		1,19,997	1.24	-	-
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2020)		-	-	1,19,997	1.24
4.	**General Insurance Corporation of India**					
	At the beginning of the year (01.04.2019)		1,18,176	1.22	-	-
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2020)		-	-	1,18,176	1.22
5.	**National Insurance Company Limited**					
	At the beginning of the year (01.04.2019)		55,862	0.58	-	-
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2020)		-	-	55,862	0.58

Sr. No.	For each of top ten shareholders	Reason	Shareholding		Cumulative Shareholding During the Year	
			No. of Shares	% of Total Shares of the Company	No. of Shares	% of total Shares of the Company
6.	**Mr. Jagdish Amritlal Shah jointly with Mr. Shaunak Jagdish Shah and Mrs. Jagruti Shaunak Shah**					
	At the beginning of the year (01.04.2019)		40,065	0.41	-	-
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2020)		-	-	40,065	0.41
7.	**Investor Education and Protection Fund Authority Ministry of Corporate Affairs**					
	At the beginning of the year (01.04.2019)		38,738	0.40	-	-
	Decrease as on 19.07.2019	Transfer	(13)	(0.00)	38,725	0.40
	Decrease as on 06.09.2019	Transfer	(250)	(0.00)	38,475	0.40
	Increase as on 20.09.2019	Transfer	6,839	0.07	45,314	0.47
	Increase as on 27.09.2019	Transfer	2	0.00	45,316	0.47
	Decrease as on 10.01.2020	Transfer	(70)	(0.00)	45,246	0.47
	At the end of the year (31.03.2020)		-	-	45,246	0.47
8.	**Antique Stock Broking Limited**					
	At the beginning of the year (01.04.2019)		30,974	0.32	-	-
	Decrease as on 17.05.2019	Transfer	(10,974)	(0.11)	20,000	0.21
	Decrease as on 29.06.2019	Transfer	(20,000)	(0.21)	-	-
	Increase as on 09.08.2019	Transfer	10,000	0.10	10,000	0.10
	Increase as on 06.09.2019	Transfer	10,000	0.10	20,000	0.21
	Decrease as on 04.10.2019	Transfer	(7,000)	(0.08)	13,000	0.13
	Increase as on 25.10.2019	Transfer	7,000	0.08	20,000	0.21
	Decrease as on 03.01.2020	Transfer	(7,500)	(0.08)	12,500	0.13
	Increase as on 27.03.2020	Transfer	7,500	0.08	20,000	0.21
	At the end of the year (31.03.2020)		-	-	20,000	0.21
9.	**Mr. Arun Nahar**					
	At the beginning of the year (01.04.2019)		19,312	0.20	-	-
	Increase / Decrease in the shareholding		No change during the year			
	At the end of the year (31.03.2020)		-	-	19,312	0.20
10.	**Shree Stockvision Securities Limited**					
	At the beginning of the year (01.04.2019)		11,888	0.12	-	-
	Increase / Decrease in the shareholding		No change during the year			
	At the end of the year (31.03.2020)		-	-	11,888	0.12
11.	Antique Securities Private Limited					
	At the beginning of the year (01.04.2019)		-	-	-	-
	Increase as on 29.06.2019	Transfer	20,000	0.21	20,000	0.21
	Decrease as on 09.08.2019	Transfer	(10,000)	(0.10)	10,000	0.10
	Decrease as on 06.09.2019	Transfer	(10,000)	(0.10)	-	-
	Increase as on 04.10.2019	Transfer	7,000	0.07	7,000	0.07
	Decrease as on 25.10.2019	Transfer	(7,000)	(0.07)	-	-
	Increase as on 03.01.2020	Transfer	7,500	0.07	7,500	0.07
	Decrease as on 27.03.2020	Transfer	(7,500)	(0.07)	-	-
	At the end of the year (31.03.2020)		-	-	-	-

Notes:

a. In cases of joint holding, the name of the first holder is considered.

b. The shareholding details given above are based on the legal ownership and not beneficial ownership and are derived on the folio number listing provided by the Registrar and Share Transfer Agent of the Company.

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

Shareholding of Directors:

Sr. No.	For each of the Directors	Shareholding at the Beginning of the Year (01.04.2019)		Shareholding at the End of the Year (31.03.2020)	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Atul Kirloskar, Chairman	16,35,300	16.84	16,35,300	16.84
2.	Mr. Mahesh Chhabria, Managing Director	21,907	0.23	21,907	0.23
3.	Ms. Aditi Chirmule, Executive Director	Nil	Nil	Nil	Nil
4.	Mr. Nihal Kulkarni	5,89,296	6.07	5,89,296	6.07
5.	Mr. Anil Alawani	2,285	0.02	2,285	0.02
6.	Mr. Tejas Deshpande	Nil	Nil	Nil	Nil
7.	Mr. Sunil Shah Singh	Nil	Nil	Nil	Nil
8.	Mr. D. Sivanandhan	Nil	Nil	Nil	Nil
9.	Mr. Vinesh Kumar Jairath	Nil	Nil	Nil	Nil
10.	Mr. Ashit Parekh	Nil	Nil	Nil	Nil
11.	Mr. Satish Jamdar	Nil	Nil	Nil	Nil
12.	Mrs. Mrunalini Deshmukh	Nil	Nil	Nil	Nil

Notes:

1. There is no purchase or sale of shares by Directors during the year.
2. NA represents Not Applicable.

Shareholding of Key Managerial Personnel:

Sr. No.	For each of the Key Managerial Personnel	Shareholding at the Beginning of the Year (01.04.2019)		Shareholding at the End of the Year (31.03.2020)	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Mahesh Chhabria, Managing Director	21,907	0.23	21,907	0.23
2.	Ms. Aditi Chirmule, Executive Director	Nil	Nil	Nil	Nil
3.	Mr. Umesh Shastry, Chief Financial Officer (with effect from 17 May 2019)	NA	NA	Nil	Nil
4.	Mrs. Jasvandi Deosthale, Chief Financial Officer (up to 16 May 2019)	Nil	Nil	NA	NA
5.	Mrs. Ashwini Mali, Company Secretary	Nil	Nil	Nil	Nil

V. INDEBTEDNESS:

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

None

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Amount in (₹)

Sr. No.	Particulars of Remuneration	Name of Managing Director / Whole-Time Director / Manager		Total Amount
		Mr. Mahesh Chhabria, Managing Director	Ms. Aditi Chirmule, Executive Director	
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	1,81,50,000	43,86,774	2,25,36,774
	b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	87,51,116	83,20,624	1,70,71,740
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	**Nil**	**Nil**	**Nil**
2.	Stock Option	Refer Note No. 1	Refer Note No. 1	-
3.	Sweat Equity	**Nil**	**Nil**	**Nil**
4.	Commission - as % of profit - others, specify	1,10,00,000	20,00,000	1,30,00,000
5.	Others, please specify	Nil	Nil	Nil
	Total (A)	**3,79,01,116**	**1,47,07,398**	**5,26,08,514**
	Ceiling as per the Companies Act, 2013, excluding remuneration			**6,29,10,657**

Note:

1. The aforesaid identified employees had voluntarily surrendered the stock options granted under the 'Kirloskar Industries Limited – Employee Stock Option Plan 2017' ('KIL ESOP 2017'), due to the options being underwater. These stock options were cancelled and brought back to the aggregate options pool of 4,85,000 (Four Lakhs Eighty-Five Thousand) stock options. The members of the Company had passed Special Resolution through Postal Ballot and approved the amendment / modifications in the KIL ESOP 2017, by way of reduction, the total number of stock options and total number of shares under the KIL ESOP 2017, from 4,85,000 (Four Lakhs Eighty Five Thousand) to nil, without any retrospective effect on existing stock options granted under the KIL ESOP 2017.

   Pursuant to 'Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019' ('KIL ESARP 2019'), 2,31,000 Equity Settled Stock Appreciation Rights (ESARs) and 48,540 ESARs have been granted to Mr. Mahesh Chhabria, Managing Director and Ms. Aditi Chirmule, Executive Director of the Company, respectively, with vesting period of one year and the same are exercisable by them according to the terms of the KIL ESARP 2019.

B. REMUNERATION TO OTHER DIRECTORS:

Amount in (₹)

Sr. No.	Name of Director	Particulars of Remuneration			Total Amount
		Fees for Attending Board / Committee Meetings	Commission	Others, Please Specify	
1.	**Independent Director**				
	Mr. Tejas Deshpande	4,40,000	4,40,000	-	8,80,000
	Mr. Sunil Shah Singh	4,80,000	4,80,000	-	9,60,000
	Mr. D. Sivanandhan	2,75,000	4,75,000	-	7,50,000
	Mr. Ashit Parekh	3,40,000	5,40,000	-	8,80,000
	Mr. Satish Jamdar	5,40,000	6,40,000	-	11,80,000
	Mrs. Mrunalini Deshmukh	2,00,000	2,00,000	-	4,00,000
	Total (1)	**22,75,000**	**27,75,000**	**-**	**50,50,000**
2.	**Non-Executive Directors**				
	Mr. Atul Kirloskar	3,40,000	3,40,000	-	6,80,000
	Mr. Anil Alawani	4,80,000	6,75,000	-	11,55,000
	Mr. Nihal Kulkarni	2,00,000	2,00,000	-	4,00,000
	Mr. Vinesh Kumar Jairath	3,40,000	5,40,000	-	8,80,000
	Total (2)	**13,60,000**	**17,55,000**	**-**	**31,15,000**
	Total (1+2)	**36,35,000**	**45,30,000**	**-**	**81,65,000**
	Total Remuneration to Directors				**81,65,000**
	Total Managerial Remuneration, excluding sitting fees				**45,30,000**
	Overall Ceiling as per the Companies Act, 2013, excluding sitting fees				**62,91,066**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR / MANAGER / WHOLE TIME DIRECTOR:

Amount in (₹)

Sr. No.	Particulars of Remuneration	Mrs. Jasvandi Deosthale, Chief Financial Officer up to 16 May 2019	Mr. Umesh Shastry, Chief Financial Officer with effect from 17 May 2019	Mrs. Ashwini Mali, Company Secretary	Total Amount
1.	Gross Salary				
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	18,53,882	70,09,258	23,50,143	1,12,13,283
	b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	-	Refer Note No. 2	Refer Note No. 1 and 2	Nil

Sr. No.	Particulars of Remuneration	Mrs. Jasvandi Deosthale, Chief Financial Officer up to 16 May 2019	Mr. Umesh Shastry, Chief Financial Officer with effect from 17 May 2019	Mrs. Ashwini Mali, Company Secretary	Total Amount
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	**18,53,882**	**70,09,258**	**23,50,143**	**1,12,13,283**

Notes:

1. Mrs. Ashwini Mali had voluntarily surrendered the stock options granted under the KIL ESOP 2017, due to the options being underwater. These stock options were cancelled and brought back to the aggregate options pool of 4,85,000 (Four Lakhs Eighty-Five Thousand) stock options.

2. Pursuant to the KIL ESARP 2019, 36,000 ESARs and 24,270 ESARs have been granted to Mr. Umesh Shastry, Chief Financial Officer and Mrs. Ashwini Mali, Company Secretary of the Company, respectively, with vesting period of one year and the same are exercisable by them according to the terms of the KIL ESARP 2019.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

ATUL KIRLOSKAR
CHAIRMAN
DIN 00007387

Pune: 22 June 2020

M.J. RISBUD & CO.
Company Secretaries

2, Annapoorna Apartments, Model Colony,
1034 Shivajinagar, Canal Road, Pune - 411016
Office - (020) 2565 3979
Cell : 98220 10522,

E-mail - mjrpcs@dataone.in / mjrpcs@gmail.com

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, read with Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

To,

The Members, of

Kirloskar Industries Limited

Office No. 801, 8th Floor, Cello Platina,

Fergusson College Road, Shivajinagar,

Pune- 411005

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIRLOSKAR INDUSTRIES LIMITED,** (CIN L70100PN1978PLC088972) (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, 2020 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, 2020 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, 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;

(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 compliance of the 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;

(ii) The agreement entered into by the Company with the BSE Limited and National Stock Exchange of India Limited, as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

I further report that,

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

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

All the decisions in the Board Meetings 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.

My report should be read along with the annexed Disclaimer letter of even date forming part of this report.

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

Date: 22 June 2020
Place: Pune
PR – 208/2015
UDIN: F000810B000365559

M.J. RISBUD & CO.
Company Secretaries

2, Annapoorna Apartments, Model Colony,
1034 Shivajinagar, Canal Road, Pune - 411016
Office - (020) 2565 3979
Cell : 98220 10522,

E-mail - mjrpcs@dataone.in / mjrpcs@gmail.com

To,

The Members

Kirloskar Industries Limited

Pune

My report of even date is to be read along with this annexure:

1. Maintenance of record is the responsibility of the management of the Company. My responsibility is to express my opinion on these records based on my audit.

2. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards, is the responsibility of the management. My examination was limited to the verification of procedures on test basis.

3. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. The verification was done on test basis / check lists basis to ensure that correct facts are reflected in records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events, etc.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Note: In view of nationwide lock-down declared by the Government of India with effect from 25 March 2020 to contain spread of pandemic COVID-19; I was unable to visit the office of the Company for physical verification of documents after 31 March 2020. However, this report has been given on the basis of visit to the office of the Company for interim audit in 2019 and on the basis of records and documents received from the Company from time to time through electronic means.

Sd/-
Mahesh J. Risbud

Place: Pune
Date: 22 June 2020
FCS No.: 810
C. P. No.: 185
UCN: S1981MH000400

ANNEXURE IV TO THE BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 (1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014)

1. **A brief outline of the Company's Corporate Social Responsibility (CSR) Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:**

   Corporate Social Responsibility (CSR) activities are based on the CSR Policy. The Company's main focus is on education, environment and health.

   CSR policy is available on the website of the Company, viz., www.kil.net.in.

2. **CSR Committee:**

   A. **The Composition of the CSR Committee:**
      a. Mr. Anil Alawani, Chairman
      b. Ms. Aditi Chirmule, Executive Director
      c. Mr. Sunil Shah Singh, Independent Director

   B. **Number of meetings:**

      During the year under review, three meetings of the CSR Committee were held.

3. **Average net profit of the Company for last three Financial Years:** ₹ 2,052.89 lakhs

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** ₹ 41.06 lakhs

5. **Details of CSR spent during the Financial Year:**

   (a) Total amount to be spent for the Financial Year: ₹ 41.06 lakhs

   (b) Amount unspent, if any: Nil

   (c) Manner in which the amount spent during the Financial Year is detailed below:

(₹ in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programme (1) local area or other (2) specify the State and District where project or programme was undertaken**	**Amount outlay (budget) project or program wise**	**Amount spent on the projects or program sub heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent direct or through implementing agency**
1	Madhavi Kapur Foundation – Aman Setu – My School Project	Promoting Education	District – Pune, Maharashtra	19.45	19.45	19.45	19.45 – through Madhavi Kapur Foundation
2	S.L. Kirloskar CSR Foundation	Promoting Health and Hygiene Activities	District – Pune, Maharashtra	10.65	10.00	10.00	10.00 – through S.L. Kirloskar CSR Foundation
3	Kirloskar Institute of Advance Management Studies	Promoting Education	District – Pune, Maharashtra	12.50	12.50	12.50	12.50 – through Kirloskar Institute of Advance Management Studies
	Total			42.60	41.95	41.95	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report: **NA**

7. CSR Committee has hereby confirmed that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and Policy of the Company.

Sd/-
Aditi Chirmule
Executive Director
DIN 01138984

Sd/-
Anil Alawani
Chairman
CSR Committee
DIN 00036153

ANNEXURE V TO THE BOARD'S REPORT

INFORMATION FORMING PART OF THE BOARD'S REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

Sr. No.	Particulars		
i.	The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year	**Name of Director**	**Ratio**
		Mr. Atul Kirloskar, Chairman	0.44
		Mr. Mahesh Chhabria, Managing Director	24.46
		Ms. Aditi Chirmule, Executive Director	9.49
		Mr. Nihal Kulkarni	0.26
		Mr. Anil Alawani	0.75
		Mr. Tejas Deshpande	0.57
		Mr. Sunil Shah Singh	0.62
		Mr. D. Sivanandhan	0.48
		Mr. Vinesh Kumar Jairath	0.57
		Mr. Ashit Parekh	0.57
		Mr. Satish Jamdar	0.63
		Mrs. Mrunalini Deshmukh	0.26
ii.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	**Name of Director / Chief Financial Officer / Company Secretary**	**Percentage Increase / (decrease) in the Remuneration**
		Mr. Atul Kirloskar, Chairman	44.68
		Mr. Mahesh Chhabria, Managing Director	24.37
		Ms. Aditi Chirmule, Executive Director	64.42
		Mr. Nihal Kulkarni	8.11
		Mr. Anil Alawani	2.67
		Mr. Tejas Deshpande	35.38
		Mr. Sunil Shah Singh	3.23
		Mr. D. Sivanandhan	4.47
		Mr. Vinesh Kumar Jairath	25.71
		Mr. Ashit Parekh	46.67
		Mr. Satish Jamdar	15.29
		Mrs. Mrunalini Deshmukh	66.67
		Mrs. Jasvandi Deosthale resigned with effect from 16 May 2019	6.14
		Mr. Umesh Shastry from 17 May 2019	NA
		Mr. Ashwini Mali	25.09
iii.	The percentage increase in the median remuneration of employees in the financial year	Nil	
iv.	The number of permanent employees on the rolls of Company	23 including Managing Director and Executive Director	
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and	9.32 % (on annualised basis)	
	its comparison with the percentile increases in the managerial remuneration and	1.16 % (on annualised basis)	
	justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	There are no exceptional circumstances for increase in the managerial remuneration.	

vi.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	The Board affirms that the remuneration is as per the Nomination and Remuneration Policy of the Company.
vii.	Statement showing the name of top ten employees in terms of remuneration drawn and the name of every employee, who (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two 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 eight Lakh and fifty thousand 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. It shall also indicate: (i) Designation of the employee; (ii) remuneration received; (iii) nature of employment, whether contractual or otherwise; (iv) qualifications and experience of the employee; (v) date of commencement of employment; (vi) the age of such employee; (vii) the last employment held by such employee before joining the company; (viii) the percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager.	Refer Annexure A

Annexure A

Sr. No.	Particulars		
1.	Name and Designation	Mr. Mahesh Chhabria Managing Director	Ms. Aditi Chirmule Executive Director
2.	Remuneration received (in ₹)	3,79,01,116	1,47,07,398
3.	Nature of employment, whether contractual or otherwise	Contractual	Contractual
4.	Qualification	B. Com, ACA	B. Com, ACS
5.	Experience (Years)	31 years	29 years
6.	Date of commencement of employment	4 July 2017	*25 January 2012
7.	Age	55 years	53 years
8.	Last employment before joining the Company	Designation: Partner Name of the Company: Actis Advisers Pvt. Ltd.	Designation: Manager Name of the Company: Asara Sales and Investment Private Limited
9.	The percentage of equity shares held	0.22%	Nil
10.	Whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director	No	No

* Appointed as Executive Director

For and on behalf of the Board of Directors

ATUL KIRLOSKAR
CHAIRMAN
DIN 00007387

Pune: 22 June 2020

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations)

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner towards fulfilling the corporate objectives and to meet the obligations and best subserve the interest of its stakeholders. This philosophy has been strengthened by adoption of a Code of Conduct for Board of Directors and Senior Management, Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and Immediate Relatives of Designated Persons of the Company and also re-enforcing our commitment towards Corporate Sustainability.

2. BOARD OF DIRECTORS:

a. Composition of the Board:

The Board of Directors comprises twelve Directors as on 31 March 2020.

The composition of the Board is as under:

Category of Directors	No. of Directors
Executive and Managing*	2
Non-Executive and Independent*	6
Non-Executive and Non-Independent	4
Total	**12**

* Including Woman Director

b. Number of Board Meetings:

During the Financial Year under review, 6 meetings of the Board of Directors were held on 2 April 2019, 16 May 2019, 8 August 2019, 25 October 2019, 30 January 2020 and 17 March 2020.

c. Directors' attendance record and directorships held:

I. The information on composition of the Board, category of Directors, attendance of each Director at Board Meetings held during the Financial Year 2019-2020 and the Annual General Meeting (AGM) held on 8 August 2019, Directorships and Committee positions in other public companies of which the Director is a Member / Chairman / Chairperson, the shareholding of Non-Executive Directors (Refer Table A) and the names of the listed entities in which the Directors hold directorship and category thereof (Refer Table B), as at 31 March 2020, is as follows:

Table A:

Sr. No.	Category of Directors and Name of Director	Number of shares held by Non-Executive Directors	Number of Directorships Held in Other Public Limited Companies *	Number of Committee Positions Held in Other Public Limited Companies **		Attendance at Meetings	
				Chairman / Chairperson	Member	Board	AGM
Managing Director/ Executive Director							
1.	Mr. Mahesh Chhabria, Managing Director#	NA	6	2	2	6	Present
2.	Ms. Aditi Chirmule, Executive Director	NA	Nil	Nil	Nil	6	Present
Non-Executive and Non-Independent Directors							
3.	Mr. Atul Kirloskar ***	16,35,300	4	1	Nil	6	Present
4.	Mr. Nihal Kulkarni ***	5.89,296	4	1	1	5	Present
5.	Mr. Anil Alawani	2,285	1	Nil	2	6	Present
6.	Mr. Vinesh Kumar Jairath	Nil	5	Nil	6	6	Present
Non-Executive and Independent Directors							
7.	Mr. Tejas Deshpande	Nil	1	Nil	2	6	Present
8.	Mr. Sunil Shah Singh	Nil	3	2	1	6	Present
9.	Mr. D. Sivanandhan	Nil	8	2	6	5	Present
10.	Mr. Ashit Parekh	Nil	Nil	Nil	Nil	6	Present
11.	Mr. Satish Jamdar	Nil	1	Nil	1	6	Present
12.	Mrs. Mrunalini Deshmukh	Nil	1	Nil	Nil	5	Present

* Excludes directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

** For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee are considered as per Regulation 26 (1) (b) of the Regulations.

*** Deemed as Promoters within the meaning of the Securities and Exchange Board of India (SEBI) (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

\# Appointed as an Additional Independent Director on the Board of Wabco India Limited (Wabco) with effect from 16 May 2020, for a term of 5 consecutive years up to 15 May 2025, subject to the approval of the members at the ensuing Annual General Meeting of Wabco. Hence, not included in number Directorships held in other public limited companies mentioned above.

Notes:

1. None of the Directors on the Board is a member of more than ten Committees and Chairperson of more than five Committees in all public limited companies whether listed or not, in which he is a director. All the Directors have made the requisite disclosures regarding committee positions held by them in other public limited companies.

2. As on 31 March 2020, none of the current Directors are related to each other within the meaning of Section 2 (77) of the Companies Act, 2013 and Rules thereof.

Table B:

Sr. No.	Name of Director	Name of the Other Listed Entities in Which Director Holds Directorship	Category of Directorship
Managing Director / Executive Director			
1	Mr. Mahesh Chhabria, Managing Director	1. Deepak Fertilisers and Petrochemicals Corporation Limited	Independent and Non-Executive Director
		2. Kirloskar Ferrous Industries Limited	Non-Independent and Non-Executive Director
		3. Kirloskar Oil Engines Limited	Non-Independent and Non-Executive Director
		4. Tube Investments of India Limited	Independent and Non-Executive Director
2	Ms. Aditi Chirmule, Executive Director	Nil	Nil
Non-Executive and Non-Independent Directors			
3	Mr. Atul Kirloskar	1. Kirloskar Oil Engines Limited	Executive Chairman
		2. Kirloskar Ferrous Industries Limited	Chairman, Non-Independent and Non-Executive Director
		3. Kirloskar Pneumatic Company Limited	Non-Independent and Non-Executive Director
4	Mr. Nihal Kulkarni	1. Kirloskar Oil Engines Limited	Managing Director
		2. G. G. Dandekar Machine Works Limited	Chairman Non-Independent and Non-Executive Director
5	Mr. Anil Alawani	1. Kirloskar Ferrous Industries Limited	Non-Independent and Non-Executive Director
6	Mr. Vinesh Kumar Jairath	1. The Bombay Dyeing and Manufacturing Company Limited	Independent and Non-Executive Director
		2. Wockhardt Limited	Independent and Non-Executive Director
		3. Kirloskar Oil Engines Limited	Non-Independent and Non-Executive Director
		4. The Bombay Burmah Trading Corporation Limited	Independent and Non-Executive Director
Non-Executive and Independent Directors			
7	Mr. Tejas Deshpande	1. Valecha Engineering Limited	Independent and Non-Executive Director
8	Mr. Sunil Shah Singh	1. Kirloskar Oil Engines Limited	Independent and Non-Executive Director
		2. Kirloskar Pneumatic Company Limited	Independent and Non-Executive Director
		3. ITD Cementation India Limited	Independent and Non-Executive Director
9	Mr. D. Sivanandhan	1. United Spirits Limited	Independent and Non-Executive Director
		2. Forbes and Company Limited	Independent and Non-Executive Director
		3. RBL Bank Limited	Independent and Non-Executive Director
		4. Inditrade Capital Limited	Independent and Non-Executive Director
10	Mr. Ashit Parekh	Nil	Nil
11	Mr. Satish Jamdar	1. Kirloskar Oil Engines Limited	Independent and Non-Executive Director
12	Mrs. Mrunalini Deshmukh	1. Kirloskar Oil Engines Limited	Independent and Non-Executive Director

Note:

1. None of the Directors on the Board of the Company is a Director of more than eight listed entities nor an Independent Director of more than seven listed entities as at 31 March 2020.

d. **Meeting of Independent Directors:**

The meeting of Independent Directors was held on Thursday, 30 January 2020, 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 the Managing Director, the Executive Director and Non-Executive Directors;

(c) the quality, quantity and timeliness of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform their duties.

e. **Familiarisation program 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. Further copies of 'Code of Conduct for the Board of Directors and Senior Management of the Company', 'Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and Immediate Relatives of Designated Persons of the Company', 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of the Company' (Code of Conducts) and Policies adopted by the Board as per regulatory provisions are made available to Independent Directors at the time of joining.

All Board members are made aware of all the latest applicable legal, regulatory and business developments / updates, by way of presentations where Directors have an opportunity to interact with Key Management Personnel (KMP). Presentations cover, *inter alia,* includes quarterly and annual results, budgets, review of internal audit report, information on business performance, operations, financial parameters, senior management change, major litigations, compliances, risk management and regulatory scenarios and such other areas as may arise from time to time. In November 2019 and February 2020, the Company also sponsored a residential two days training programme for the Directors and KMPs of the Company, organised by the Kirloskar Institute of Advanced Management Studies. This training programme, covered aspects of SEBI (Prohibition of Insider Trading) Regulations, 2015.

The details of such familiarisation programs have been put on the website of the Company at www.kil.net.in.

f. **Code of Conduct:**

The Company has laid down a Code of Conduct for all the Board members and Senior Management Personnel. The Code of Conduct is available on the Company's website, viz., www.kil.net.in.

All the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this Report.

g. **Information supplied to the Board:**

The agenda is circulated well in advance to the Board members. The items in the agenda are backed by comprehensive background information to facilitate meaningful discussions and enable the Board to take appropriate decisions. As part of the process of good governance, the agenda also includes the progress on the decisions taken by the Board in its previous meeting(s). A board portal is made available that allows the Board of Directors to securely access Board documents and collaborate with other Board members electronically.

The Board also, *inter alia,* reviews quarterly / half yearly / annual results, the strategy of business, annual operating plan, reports for all laws applicable to the Company, review of major legal cases, minutes of Meetings of Committees of the Board, review of internal control framework and risk management, etc. The required information as enumerated in Part A of Schedule II of the Regulations, is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board is also kept informed of major events / items and approvals are taken, wherever necessary. As a part of good corporate governance, the Board Charter has drawn up setting out roles / terms of references and processes of functioning of the Board including Committees of the Board.

h. **The table below summarises core skills / expertise / competencies identified by the Board of Directors as required and available with the Board in the context of business of the Company for its effective functioning is as follows:**

Sr. No.	Core Skills / Expertise / Competencies
1	Strategy
2	Risks
3	Finance
4	Legal
5	Security Systems
6	Corporate Restructuring
7	Infrastructure Planning and Development

Following is the table containing areas of core skills / expertise / competencies of individual Board Members. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding skill / expertise / competencies:

Sr. No.	Name of Director	Core Skills / Expertise / Competencies						
		Strategy	Risks	Finance	Legal	Security Systems	Corporate Restructuring	Infrastructure Planning and Development
1	Mr. Atul Kirloskar	√	√	√	√		√	
2	Mr. Mahesh Chhabria, Managing Director	√	√	√	√		√	√
3	Ms. Aditi Chirmule, Executive Director	√	√	√	√		√	
4	Mr. Nihal Kulkarni	√		√			√	
5	Mr. Anil Alawani	√		√	√		√	
6	Mr. Vinesh Kumar Jairath	√	√	√	√			√
7	Mr. Tejas Deshpande	√	√	√	√			
8	Mr. Sunil Shah Singh	√	√	√				√
9	Mr. D. Sivanandhan	√	√			√		√
10	Mr. Ashit Parekh	√	√					√
11	Mr. Satish Jamdar	√	√				√	√
12	Mrs. Mrunalini Deshmukh	√			√			

i. **Confirmation on declarations given by 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 Regulations.

The Board of Directors, after due assessment of veracity of the declarations received from the Independent Directors to the extent possible, confirms that, Independent Directors fulfill the conditions specified in the Regulations 25 (8) of the Regulations and they are independent of the management.

j. **Reasons for the resignation of Independent Directors during the Financial Year 2019-2020, if any:**

No Independent Director resigned during the Financial Year 2019-2020.

3. AUDIT COMMITTEE:

a. **Composition:**

The Audit Committee (the Committee) comprises six Non-Executive Directors, out of which four are Independent Directors.

During the Financial Year under review, 4 meetings of the Committee were held on 16 May 2019, 8 August 2019, 25 October 2019 and 30 January 2020.

The Composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Category of Directorship	Number of Meetings Attended
1.	Mr. Sunil Shah Singh (Chairman)	Non-Executive Independent	4
2.	Mr. Tejas Deshpande	Non-Executive Independent Director	4
3.	Mr. D. Sivanandhan	Non-Executive Independent Director	3
4.	Mr. Satish Jamdar	Non-Executive Independent Director	4
5.	Mr. Vinesh Kumar Jairath	Non-Executive Non-Independent Director	4
6.	Mr. Anil Alawani	Non-Executive Non-Independent Director	4

The Company Secretary acts as the Secretary of the Committee. The Managing Director, the Executive Director and the Chief Financial Officer attend the Audit Committee meetings. The representatives of the Statutory Auditors and the Internal Auditors are invited to the meetings.

Mr. Sunil Shah Singh, Chairman of the Committee, was present at the Annual General Meeting of the Company held on Thursday, 8 August 2019.

b. **Terms of reference:**

The terms of reference of the Committee include, the matters specified under Regulation 18 (3) read with Part C of Schedule II of the Regulations as well as those specified in Section 177 of the Companies Act, 2013 and *inter alia* includes the following:

1. Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that, the Financial Statement is correct, sufficient and credible.

2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board, for approval, with particular reference to:
   a) matters required to be included in the Director's 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 the management;
   d) significant adjustments made in the Financial Statements arising out of audit findings;
   e) compliance with listing and other legal requirements relating to the Financial Statements;
   f) disclosure of any related party transactions;
   g) modified opinion(s) in the draft Audit Report.
5. Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application 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.
7. Reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
13. 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.
14. Discussion with Internal Auditors of any significant findings and follow up thereon.
15. 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.

16. 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.

17. Looking 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.

18. Reviewing the functioning of the Whistle Blower Mechanism.

19. Approval of appointment of Chief Financial Officer after accessing the qualifications, experience and background, etc. of the candidate.

20. Mandatorily reviewing the following information:

    A. management discussion and analysis of financial condition and results of operations;

    B. statement of significant related party transactions (as defined by the Committee), 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;

    E. the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Committee; and

    F. statement of deviations:

        A. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32 (1) of the Regulations;

        B. annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32 (7) of the Regulations.

21. Carrying out any other function as is mentioned in the terms of reference of the Committee.

22. Reviewing the utilisation of loans and / or advances from / investments by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

23. Reviewing the compliance with the provisions of Insider Trading Regulations, 2015 and amendments thereof, from time to time, at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

c. Powers of the Audit Committee:

- To investigate any activity within its terms of 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.

4. NOMINATION AND REMUNERATION COMMITTEE:

a. Composition:

The Nomination and Remuneration Committee (the Committee) comprises four Non-Executive Directors, out of which two Directors are Independent Directors.

During the Financial Year under review, four meetings of the Committee were held on 2 April 2019, 16 May 2019, 25 October 2019 and 30 January 2020.

The composition of the Committee and attendance at its meeting is given below:

Sr. No.	Name of the Member Director	Category of Directorship	Number of Meetings Attended
1.	Mr. Satish Jamdar (Chairman)	Non-Executive Independent Director	4
2.	Mr. Sunil Shah Singh	Non-Executive Independent Director	4
3.	Mr. Atul Kirloskar	Non-Executive Non-Independent Director	4
4.	Mr. Anil Alawani	Non-Executive Non-Independent Director	4

b. Terms of reference:

The terms of reference of the Committee include, the matters specified under Regulation 19 (4) read with Part D of Schedule II of the Regulations, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (SEBI SBEB Regulations) as well as those specified in Section 178 of the Companies Act, 2013 and *inter alia,* includes the following:

i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

ii. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors.

iii. Devising a policy on diversity of Board of Directors.

iv. 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.

v. Whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors.

vi. Formulation of detailed terms and conditions of the schemes under the SEBI SBEB Regulations, as may be amended time to time.

vii. Recommend to the Board, all remuneration, in whatever form payable to senior management.

viii. To review succession planning mechanism and recommend changes / modifications thereto, if required, to the Board for its consideration.

ix. To seek professional guidance in succession planning mechanism, if required and to set terms and conditions, including as to remuneration, in this regard, in consultation with the Chairman of the Board.

x. To constitute a panel comprising of such members of the Committee and external experts if any, as it deems fit, for identifying candidates to fill vacancies at the level of the whole time directors and senior management level and to recommend appointment of Whole Time Directors and Senior Management Personnel, as and when required and set the terms and conditions, including as to remuneration of panelists, in consultation with the Chairman of the Board.

c. **Criteria for performance evaluation:**

The annual evaluation of Directors is made on the following criteria:

i. attendance for the meetings, participation and independence during the meetings;

ii. interaction with management;

iii. role and accountability of the Board; and

iv. knowledge and proficiency.

5. **REMUNERATION TO DIRECTORS:**

I. The Board has on the recommendation of the Nomination and Remuneration Committee (the Committee) adopted the 'Nomination and Remuneration Policy' for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel and their remuneration. The policy is available on the website of the Company, viz., www.kil.net.in.

a. **Whole-time Director:**

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the Managing Director and the Executive Director. The commission to the Managing Director and the Executive Director is recommended by the Committee on determination of the profits for the Financial Year and based on the performance evaluation of the Managing Director and the Executive Director, also approved by the Board of Directors. The members at the Annual General Meeting of the Company held on 8 August 2019, accorded their approval to the Board of Directors to decide and to pay in respect of any financial year, managerial remuneration which may exceed 5% of the net profits of the Company to any one managing director or whole-time director or manager and / or which may exceed 10% of the net profits of the Company, if there is more than one such director, to all such directors and manager taken together and / or the total managerial remuneration payable to all the directors including managing director or whole-time director or manager, which may exceed 11% of the net profits of the respective financial year computed in the manner laid down in Section 198 of the Companies Act, 2013. The remuneration to the Managing Director and the Executive Director is in accordance with the provisions of the Companies Act, 2013 and Rules thereof.

b. **Non-Executive Directors**

The members at the Annual General Meeting of the Company held on 8 August 2019, accorded their approval to the Board of Directors to decide and to pay the remuneration by way of commission (over and above the payment of sitting fee(s)) to the Directors of the Company (other than Managing Director / Executive Director or a Director who is in the Whole time employment of the Company), which may exceed 1% per annum of the Net profit of the Company computed in the manner laid down in Section 198 and other applicable provisions, if any, of the Companies Act, 2013, for each Financial Year including the Financial Year 2018-19.

Upon the recommendation of the Committee and based on the performance evaluation of each of the Non-Executive Directors, the Board of Directors decides the remuneration to them by way of commission.

The sitting fee of ₹ 40,000 per meeting of the Board, ₹ 25,000 per meeting of the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee, ₹ 10,000 per meeting of the Corporate Social Responsibility Committee and Stakeholders' Relationship Committee, attended by the Non-Executive Directors is payable to them.

Details of the remuneration paid to Directors during Financial Year 2019-2020:

Sr. No.	Name of Director	Basic Salary	Allowances	Perquisites and Other Benefits	Sitting Fees	Commi ssion	Total
Managing Director / Executive Director							
1.	Mr. Mahesh Chhabria, Managing Director	1,57,50,000	24,00,000	87,51,116	NA	1,10,00,000	3,79,01,116
2.	Mr. Aditi Chirmule, Executive Director	46,86,774	--	83,20,624	NA	20,00,000	1,50,07,398
Non-Executive Directors							
3.	Mr. Atul Kirloskar	--	--	--	3,40,000	3,40,000	6,80,000
4.	Mr. Nihal Kulkarni	--	--	--	2,00,000	2,00,000	4,00,000
5.	Mr. Anil Alawani	--	--	--	4,80,000	6,75,000	11,55,000
6.	Mr. Sunil Shah Singh	--	--	--	4,80,000	4,80,000	9,60,000
7.	Mr. Tejas Deshpande	--	--	--	4,40,000	4,40,000	8,80,000
8.	Mr. D. Sivanandhan	--	--	--	2,75,000	4,75,000	7,50,000
9.	Mr. Vinesh Kumar Jairath	--	--	--	3,40,000	5,40,000	8,80,000
10.	Mr. Ashit Parekh	--	--	--	3,40,000	5,40,000	8,80,000
11.	Mr. Satish Jamdar	--	--	--	5,40,000	6,40,000	11,80,000
12.	Mrs. Mrunalini Deshmukh	--	--	--	2,00,000	2,00,000	4,00,000
	TOTAL	**2,04,36,774**	**24,00,000**	**1,70,71,740**	**36,35,000**	**1,75,30,000**	**6,10,73,514**

Note:

- Perquisites include leave travel assistance, reimbursement of medical expenses, term insurance premium, contributions to provident fund and superannuation fund, provision for gratuity and leave encashment and perquisite value as per Income-tax Rules for motorcar.

II. a. **Employee Stock Options (ESOPs) granted / vested to Executive Directors and Non-Executive Directors under the Kirloskar Industries Limited - Employee Stock Option Plan 2017 (KIL ESOP 2017)**

The Company had implemented the "Kirloskar Industries Limited – Employee Stock Option Plan 2017" ("KIL ESOP 2017"). The total number of options that could be granted under the KIL ESOP 2017 was limited to 4,85,000 (Four Lakh Eighty-Five Thousand) convertible into equivalent number of shares of ₹ 10 each fully paid equity share capital of the Company.

The Nomination and Remuneration Committee (the Committee) had granted 1,90,000 stock options, 48,540 stock options and 11,000 stock options at an exercise price of ₹ 900 per option under the KIL ESOP 2017, from time to time, to Mr. Mahesh Chhabria, Managing Director, Ms. Aditi Chirmule, Executive Director and Mr. Vinesh Kumar Jairath, Non-Executive Director, respectively.

Mr. Mahesh Chhabria, Managing Director, Ms. Aditi Chirmule, Executive Director and Mr. Vinesh Kumar Jairath, Non-Executive Director, along with other grantees, had voluntarily surrendered the employee stock options granted under the KIL ESOP 2017, due to the options being underwater. These stock options were cancelled and brought back to the aggregate options pool of 4,85,000 (Four Lakhs Eighty-Five Thousand) employee stock options.

In view of the above, the members of the Company had passed Special Resolution through Postal Ballot and approved the amendment / modifications in the KIL ESOP 2017, by way of reduction, the total number of employees stock options and total number of shares under the KIL ESOP 2017, from 4,85,000 (Four Lakhs Eighty-Five Thousand) to nil, without any retrospective effect on existing employee stock options granted under the KIL ESOP 2017.

b. **Equity Settled Stock Appreciation Rights (ESARs) granted / vested to Executive Directors and Non-Executive Directors under the Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan (KIL ESARP 2019)**

The Members of the Company passed a special resolution through Postal Ballot and approved the Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019 (KIL ESARP 2019) and authorised the Board to create, offer and grant from time to time, in one or more tranches, such number of Equity Settled Stock Appreciation Rights (ESARs) to employees of the Company and its subsidiary company(ies), 4,85,000 (Four Lakhs Eighty-Five Thousand) equity shares of face value of ₹ 10 (Rupees Ten only) each fully paid-up, where one ESAR, upon exercise, employees shall entitle for lesser than one equity share of the Company to be issued on such terms and conditions, as may be determined in accordance with the provisions of the KIL ESARP 2019 and in due compliance with the applicable laws and regulations including the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (Employees Benefits Regulations).

During the year under review, the Company has granted an aggregate of 4,70,898 ESARs exercisable into not more than 4,85,000 (Four Lakhs Eighty-Five Thousand) equity shares of the Company at face value of ₹ 10 (Rupees Ten only) each fully paid-up, under the KIL ESARP 2019 to the Employees of the Company.

The following is the summary of ESARs granted to Executive Directors and Non-Executive Directors of the Company:

Sr. No.	Particulars	No. of ESARs		
		Mr. Mahesh Chhabria, Managing Director	Ms. Aditi Chirmule, Executive Director	Mr. Vinesh Kumar Jairath, Non-Executive Director
1	ESARs granted	2,31,000	48,540	33,000
2	ESARs vested	Nil	Nil	Nil
3	ESARs cancelled	Nil	Nil	Nil
4	ESARs lapsed	Nil	Nil	Nil
5	ESARs exercised	Nil	Nil	Nil

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

a. Composition:

The Committee comprises three Directors, viz., Mr. Anil Alawani, Non-Independent Director, Ms. Aditi Chirmule, Executive Director and Mr. Sunil Shah Singh, Independent Director. Mr. Anil Alawani acts as a Chairman of the Committee.

During the Financial Year under review, one Committee meeting was held on 25 October 2019. All the Committee members attended the said meeting.

Mrs. Ashwini Mali, Company Secretary is the Compliance Officer.

The Compliance Officer can be contacted at:
Kirloskar Industries Limited
Office No. 801, 8th Floor, Cello Platina,
Fergusson College Road, Shivajinagar,
Pune 411 005
Tel.: +91(20) 2970 4374; Fax: +91(20) 2970 4374
E-mail: Ashwini.Mali@kirloskar.com

The Company has designated exclusive email id for the investors as investorrelations@kirloskar.com to register their grievances, if any. The Company has displayed the said email id on its website for the use of investors.

b. Terms of reference:

1. Resolving the grievances of security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual reports, non-receipts of declared dividends, issue of new / duplicate share certificates, general meetings, etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent of the Company.
4. Review of various measures and initiatives taken by the Company for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by shareholders of the Company.

The total number of complaints received and redressed during the year ended 31 March 2020, were 3 and there was no complaint pending as on 31 March 2020.

The Company had no share transfer requests pending as on 31 March 2020.

7. DETAILS OF GENERAL BODY MEETINGS:

I. **The details of General Meetings of the members, held during previous 3 years are as under:**

Financial Year	Date	Time	Type of Meeting	Venue	Special Resolutions Passed
2018-2019	8 August 2019	02.30 p.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	1. Payment of managerial remuneration which may exceed 5% of the net profits of the Company to any one managing director or whole-time director or manager and / or which may exceed 10% of the net profits of the Company, if there is more than one such director. 2. Revision in the remuneration payable to Mr. Mahesh Chhabria, Managing Director of the Company. 3. Revision in the remuneration payable to Ms. Aditi Chirmule, Executive Director of the Company. 4. Decide and pay the remuneration by way of commission (over and above the payment of sitting fee(s)) to the Directors of the Company (other than Managing Director / Executive Director or a Director who is in the whole time employment of the Company), a sum which may exceed 1% per annum of the Net profit of the Company. 5. Addition of the term to the existing terms and conditions of the appointment of Mr. Vinesh Kumar Jairath, Non-Executive Director, in the capacity as Advisor to the Company.

Financial Year	Date	Time	Type of Meeting	Venue	Special Resolutions Passed
2017-2018	11 August 2018	11.30 a.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	1. Maintenance of Registers, copies of Returns etc. at a place other than Registered Office of the Company. 2. Approval for extension of exercise period under Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017).
2016-2017	28 August 2017	11.00 a.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	Approval to the introduction and implementation of Kirloskar Industries Limited – Employee Stock Option Plan 2017 (KIL ESOP 2017) and authorising the Board of Directors of the Company to create, offer and grant from time to time, in one or more tranches, not exceeding 4,85,000 equity shares of ₹ 10 each as an Employee Stock Options.

II. Resolutions passed by Postal Ballot:

During the Financial Year 2019-2020, the Company approached the members through Postal Ballot, in November 2019 for approval of the amendments in 'Kirloskar Industries Limited Employees Stock Options Plan 2017' and approval of the 'Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019' (KIL ESARP 2019). A snapshot of the voting results of the said Postal Ballot is as under:

Date of Postal Ballot Notice	25 October 2019
Voting Period	30 November 2019 at 9.00 a.m. to 29 December 2019 at 5.00 p.m.
Name of the Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner and in accordance with the Companies (Management and Administration) Rules, 2014	Mrs. Manasi Paradkar Practising Company Secretary
Date of declaration of result	3 January 2020

Resolutions	Type of Resolution	E-voting		Postal Ballot		Total		Result
		For	Against	For	Against	For	Against	
Approval of amendments / modifications in the “Kirloskar Industries Limited – Employee Stock Option Plan 2017”	Special	47,45,630	940	1,102	0	47,46,732	940	Passed with requisite majority
Approval of “Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019” of the Company	Special	47,45,630	940	1,093	0	47,46,723	940	Passed with requisite majority
Approval of grant of Equity Settled Stock Appreciation Rights to the employees / directors of subsidiary company(ies) of the Company under the "Kirloskar Industries Limited - Employees Stock Appreciation Rights Plan 2019"	Special	47,45,579	990	1,092	0	47,46,671	990	Passed with requisite majority
Approval of grant of Equity Settled Stock Appreciation Rights equal to or more than 1% of the issued capital of the Company to the identified employees	Special	47,24,433	940	1,092	0	47,25,525	940	Passed with requisite majority
Approval of grant of Equity Settled Stock Appreciation Rights to the Non-Executive Directors of the Company	Special	47,45,632	940	1,092	0	47,46,724	940	Passed with requisite majority

8. **MEANS OF COMMUNICATION:**

a. **Quarterly results:**

The quarterly and half yearly results are published in national and local dailies, viz., Financial Express (English) and Loksatta (Marathi), having wide circulation. Since the results of the Company are published in the newspapers, half yearly reports are not sent individually to the members.

The financial results and official news releases of the Company are also displayed on the website of the Company, viz., www.kil.net.in.

b. The NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance and Listing Centre (the 'Listing Centre'of BSE):

The NEAPS and the Listing Centre of BSE are web-based applications designed by NSE and BSE, respectively, for corporates. All periodicals compliance filings like shareholding pattern, corporate governance report, quarterly results, etc., are filed electronically on NEAPS and the Listing Centre of BSE.

c. The Management Discussion and Analysis Report forms part of the Annual Report.

9. GENERAL INFORMATION FOR SHAREHOLDERS:

a. Annual General Meeting:

Corporate Identification Number (CIN)	L70100PN1978PLC088972
Annual General Meeting (AGM)	Date and Day : 27 August 2020, Thursday Time : 11.30 a.m. Venue : Through Video Conferencing or Other Audio Visual Means (VC / OAVM) The Company is conducting meeting through VC / OAVM pursuant to the Ministry of Corporate Affairs (MCA) Circulars (General Circular No. 14/2020 dated 8 April 2020; the General Circular No. 17/2020 dated 13 April 2020 and the General Circular No. 20/2020 dated 5 May 2020) and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.
Financial Year ended	31 March 2020
Book Closure	Friday, 21 August 2020 to Thursday, 27 August 2020, (both days inclusive)
Last date of receipt of proxy forms	The requirement of accepting Proxy Forms has been dispensed with as per MCA Circular No. 20/2020 dated 5 May 2020, as it is directed to conducting AGM through VC / OAVM.
Financial Year 2019-2020	During the year, the financial results were announced as under: First quarter : 8 August 2019 Second quarter : 25 October 2019 Third quarter : 30 January 2020 Annual : 22 June 2020
International Security Identification Number (ISIN)	INE250A1039
BSE Limited (BSE)	500243
National Stock Exchange of India Limited (NSE)	KIRLOSIND
Payment of annual listing fees	The annual listing fees have been paid to BSE and NSE.
Designated email address for investor services	investorrelations@kirloskar.com

b. **Shareholding Pattern as on 31 March 2020:**

Sr. No.	Category	No. of shares	% of Shareholding
1.	Promoters	70,98,178	73.11
2.	Mutual Funds / UTI	125	0.00
3.	Banks / Financial Institutions and Insurance Companies	4,39,414	4.53
4.	Other Bodies Corporates	71,960	0.74
5.	Foreign Institutional Investors	125	0.00
6.	Foreign Portfolio Investors	9,61,205	9.90
7.	Clearing Members	931	0.01
8.	NRI	27,979	0.29
9.	Trusts	1,524	0.02
10.	Foreign Nationals	88	0.00
11.	Hindu Undivided Family	50,876	0.52
12.	General Public	10,10,108	10.40
13.	Investor Education and Protection Fund	45,246	0.47
14.	NBFCs registered with RBI	860	0.01
	TOTAL	**97,08,619**	**100.00**

c. **Distribution of Shareholding as on 31 March 2020:**

Shareholding of Nominal Value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In ₹	% to Total
(1)		(2)	(3)	(4)	(5)
Up to	5,000	16,034	97.77	51,64,950	05.32
5,001	10,000	193	01.18	14,05,940	01.45
10,001	20,000	79	00.48	10,99,130	01.13
20,001	30,000	37	00.22	9,17,910	00.95
30,001	40,000	10	00.06	3,53,570	00.36
40,001	50,000	8	00.05	3,63,610	00.37
50,001	1,00,000	18	00.11	12,21,130	01.26
1,00,001 and above		21	00.13	8,65,59,950	89.16
TOTAL		**16,400**	**100.00**	**9,70,86,190**	**100.00**

Dematerialisation of shares and liquidity (as on 31 March 2020)	95,93,551 (98.81%)
Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any convertible instruments.

Commodity price risk or foreign exchange risk and hedging activities:

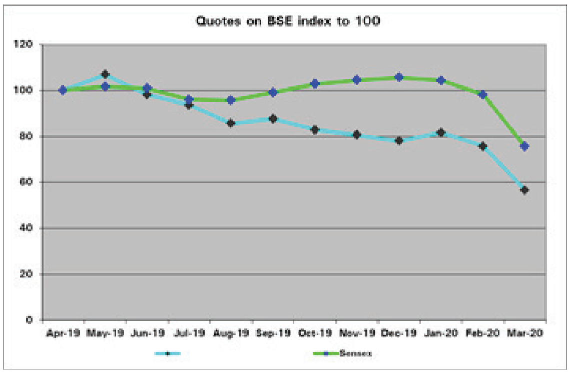
Not applicable, since the Company does not procure any commodities or have any forex inflows or outflows.

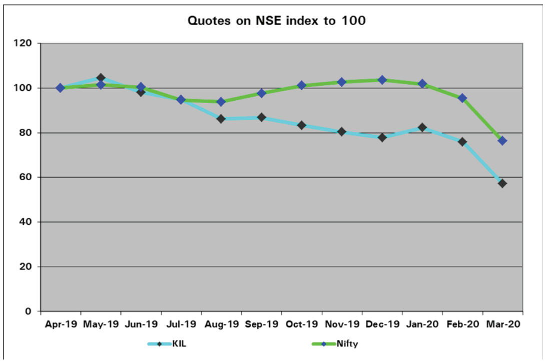
d. **Market Price Data:**

Monthly high / low during the year 2019-2020, on the BSE and NSE are as under:

Stock Exchange	BSE		NSE	
Month	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2019	839.70	766.00	827.30	767.60
May 2019	898.50	725.05	840.00	724.95
June 2019	865.00	765.25	922.00	763.60
July 2019	828.00	732.05	828.00	731.50
August 2019	759.70	627.00	759.95	588.20
September 2019	749.00	666.90	782.00	653.60
October 2019	745.00	642.00	722.00	640.00
November 2019	670.00	612.05	668.90	615.50
December 2019	654.50	595.00	633.00	591.10
January 2020	730.10	610.00	700.70	591.50
February 2020	697.85	587.00	688.95	582.35
March 2020	624.00	355.00	650.00	398.00

e. **Performance of monthly close price of the Company's Scrip on the BSE and NSE as compared to the monthly close S&P Sensex and S&P CNX Nifty for the year 2019-2020:**





f. **Registrar and Share Transfer Agent:**

The contact details of Registrar and Share Transfer Agent (the R & T Agent) are as follows:

Link Intime India Private Limited	'Akshay' Complex, Block No. 202, 2nd Floor, Off. Dhole Patil Road, Pune 411 001 Tel.: (020) 2616 1629 / 2616 0084 E mail: pune@linkintime.co.in

g. **Share Transfer System:**

a. Pursuant to the Notification No.LIST/COMP/15/2018-19 dated 5 July 2018, issued by the SEBI, transfer of securities held in physical from has not been permitted afer 31 March 2019. However, there is no restriction on transmission / transposition of securities held in physical form.

During the year under review applications for transfer of shares which were executed prior to 1 April 2019 in physical form are processed by Registrar and Share Transfer Agent of the Company and are returned after registration of transfer within 15 days from the date of receipt, subject to validity of all documents lodged with the Company. The transfer applications are approved at regular intervals.

b. Pursuant to Regulation 40 (9) of the Regulations, a certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.

h. **List of all credit ratings obtained by the Company during the financial year:**

Not applicable.

i. **Member References:**

- **Permanent Account Number (PAN):**

As per SEBI's guidelines and as informed from time to time by the Company, members who continue to hold shares in the physical form shall furnish a copy of PAN Card in the following cases:

a) Transferees' and Transferors' PAN Cards for transfer of shares;

b) Surviving joint holders' PAN Cards for deletion of name of deceased shareholder;

c) Legal heirs' PAN Cards for transmission of shares; and

d) Joint holders' PAN Cards for transposition of shares.

- **Email Address:**

In order to enable us to further extend our support towards paperless compliance as a part of Green Initiative in the Corporate Governance, which was introduced by the Ministry of Corporate Affairs (MCA) in the year 2011, the members who have not registered their email addresses, so far, are requested to register their email addresses.

Members who continue to hold shares in physical form are requested to register their email addresses with the Company / the Registrar and Share Transfer Agent and with the Depository Participants in case of shares held in dematerialised form.

- **Dematerialisation of shares:**

As communicated by the Company from time to time, members who hold shares in physical form are requested to dematerialise their shares through any of the nearest Depository Participants, to be able to transfer the shares.

Further, dematerialisation of shares avoids hassles involved with physical shares such as possibility of loss / mutilation of share certificate(s) and to ensure safe and speedy transaction in securities.

- **Register Your National Electronic Clearing Services (NECS) Mandate:**

The Reserve Bank of India (RBI) has initiated NECS for credit of dividend directly to the Bank Account of members. Members holding shares in electronic mode are requested to register their latest Bank Account details with their Depository Participants and in physical form with the Company's Registrar and Share Transfer Agent.

10. OTHER DISCLOSURES:

The Company has complied with the other disclosure requirements of Regulation 34 (3) read with Schedule V of the Regulations.

i. Related Party Transactions:

During the Financial Year under review, there was no materially significant related party transaction made by the Company as defined in Regulation 23 of the Regulations that may have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in Note No. 42 to the Financial Statements in the Annual Report.

Transactions of the Company with the promoter / promoter group(s) who hold(s) 10% or more shareholding in the Company are as follows:

₹ in lakhs

Sr. No.	Name of the Promoter / Promoter Group(s)	Nature of Relationship	Nature of Transactions	2019-2020		2018-2019	
				Transaction Value	Outstanding Amount Carried in Balance Sheet	Transaction Value	Outstanding Amount Carried in Balance Sheet
1	Mr. Atul Kirloskar	Promoter	Dividend	163.53	---	343.41	---
2	Mr. Rahul Kirloskar	Promoter	Dividend	162.17	---	340.51	---
3	Mrs. Jyotsna Kulkarni	Promoter	Dividend	117.86	---	247.50	---

ii. Details of capital market non-compliance, if any:

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

iii. Whistle Blower Policy / Vigil Mechanism:

The Board of Directors has adopted a Whistle Blower Policy / Vigil Mechanism (‘the Policy’). This Policy has provided a mechanism for Directors and employees of the Company and other persons dealing with the Company to report genuine concerns including but not limited to unethical behavior, actual or suspected fraud or violation of the Company’s Code of Conduct for Board of Directors and Senior Management (the Code) or ethics policy or leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations 2015, any other instance, to the Chairman of the Audit Committee. The Policy has also been uploaded at the website of the Company, viz., www.kil.net.in.

iv. Policy for determining ‘material’ subsidiaries:

As required under Regulation 16 (1) (c) of the Regulations, the Company has a policy for determining ‘material’ subsidiaries, which has been put on the website of the Company, viz., www.kil.net.in.

v. **Related Party Transactions Policy:**

As required under Regulation 23 (1) of the Regulations, the Company has a Policy on Materiality Related Party Transactions and dealing with Related Party Transactions which has been put on the website of the Company, viz., www.kil.net.in.

vi. **The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of the Regulations.**

vii. **Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the Regulations:**

Not Applicable.

viii. **A certificate from Mr. Mahesh Risbud, Practising Company Secretary confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority, has been obtained.**

ix. **Recommendations given by the Committees of the Board:**

During the year under review, the Board has accepted all the recommendations given by the Committees of the Board, which are mandatorily required.

x. **Statement of fees paid by the Company along with its Subsidiary Company to Statutory Auditors:**

During the Financial Year 2019-2020, the Company has paid the statutory fees, certification fees and other services to the Statutory Auditors. The details of fees paid are disclosed in Note No. 35 forming part of the Financial Statement.

xi. **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013:**

Number of Complaints pending at the beginning of the year	Nil
Number of Complaints filed during the financial year	Nil
Number of Complaints disposed of during the financial year	Nil
Number of Complaints pending at the end of financial year	Nil

11. DISCRETIONARY REQUIREMENTS:

The Company has complied with the mandatory requirements of Regulation 34 (3) read with Schedule V of the Regulations. The extent of adoption of discretionary requirements as per Regulation 27 (1) read with Part E of Schedule II of the Regulations, are as follows:

1. **Shareholder Rights:**

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation and the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any communication of half yearly performance to the members.

2. **Modified opinion in Audit Report:**

The Company already is in the regime of un-qualified Financial Statements. There are no modified audit opinions on the Financial Statements of the Company for the year ended 31 March 2020, made by the Statutory Auditors in their Audit Report.

12. OTHER REQUIREMENTS:

1. **Disclosure under Schedule VI of the Regulations in respect of unclaimed shares:**

Pursuant to SEBI Circular No. CIR/CFD/DIL/10/2010 dated 16 December 2010 and Regulation 39 (4) read with Schedule VI of the Regulations, the Company has sent two reminder letters to those members, 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 members, if these members submit necessary documents to the Company.

2. **Cost Audit Report:**

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company was neither required to audit cost records relating to Electricity Industry (Windmills) nor required to maintain cost records in Form CRA - 1 for the Financial Year 2019-2020. However, the Company has voluntarily maintained cost records relating to Windmills in Form CRA - 1 for the Financial Year 2019-2020.

13. PARTICULARS OF APPOINTMENT / RE-APPOINTMENT OF DIRECTORS:

The brief resume and other details relating to the Director who is proposed to be re-appointed, as required to be disclosed under Regulation 36 (3) of the Regulations, forms part of the Statement setting out material facts annexed to the Notice of the Annual General Meeting.

14. LOCATION OF WINDMILLS:

7 Windmills owned by the Company are located at Tirade Village, Tal. Akole, Dist. Ahmednagar.

15. ADDRESS FOR CORRESPONDENCE:

Members' correspondence should be addressed to Link Intime India Private Limited, the Registrar and Share Transfer Agent, at the address mentioned above. Members can also e-mail their queries / grievances at investorrelations@kirloskar.com.

16. CEO / CFO CERTIFICATION:

The CEO / CFO Certificate signed by Mr. Mahesh Chhabria, Managing Director, and Mr. Umesh Shastry, Chief Financial Officer of the Company, was placed before the meeting of the Board of Directors held on 22 January 2020.

DECLARATION UNDER SCHEDULE V (D) OF THE REGULATIONS BY THE MANAGING DIRECTOR OF AFFIRMATION BY THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF COMPLIANCE WITH THE CODE OF CONDUCT

The Members,

I, Mahesh Chhabria, Managing Director of the Company hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of Kirloskar Industries Limited.

Pune: 22 June 2020

Mahesh Chhabria
Managing Director
DIN 00166049

CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE

To The Members of Kirloskar Industries Limited

We have examined the compliance of conditions of Corporate Governance by **KIRLOSKAR INDUSTRIES LIMITED** (the Company), for the year ended 31 March 2020, as stipulated in Schedule V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations).

The compliance of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the Regulations of the 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 in accordance with the explanation given to us, we certify that the Company has complied with the Regulations of Corporate Governance as stipulated in the above-mentioned Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company not the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number: 100515W

Sd/-
UMESH S. ABHYANKAR
Partner
Membership No. 113053

Pune: 22 June 2020

Business Responsibility Report for Financial Year 2019-2020

OVERVIEW

Kirloskar Industries Limited (KIL / the Company) is engaged in the business of Wind power Generation, Investments (Securities and Properties) and Real Estate activities. The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Megawatt (MW). The windmills are located at Tirade Village, Tal. Akole, Dist. Ahmednagar.

The Company owns lands and buildings thereon and apartments and offices in Pune, New Delhi and Jaipur. The Company has given most of these lands and buildings and offices on leave and license basis to group and other companies.

In keeping with the Company's commitment to responsibility and accountability towards all its stakeholders, the Company is pleased to present its Business Responsibility Report in line with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In line with SEBI's proposed structure for the Business Responsibility Report and the nine principles of the Government of India's 'National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business', this report delineates the Company's efforts to conduct the business with responsibility.

SECTION A:

GENERAL INFORMATION

1	**Corporate Identity Number (CIN) of the Company**	L70100PN1978PLC088972	
2	**Name of the Company**	Kirloskar Industries Limited	
3	**Registered Address**	Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune 411 005	
4	**Website**	www.kil.net.in	
5	**Email id**	investorrelations@kirloskar.com	
6	**Financial Year Reported**	2019 – 2020	
7	**Sectors that the Company is engaged in (Industrial Activity Code-wise)**	NIC Code	Product Description
		400	Windmill
		642	Investments (Properties and Securities)
		4100	Real Estate
		As per National Industrial Classification for India (NIC)	
8	**List three key products / services that Company manufactures/ provides (as in Balance Sheet)**	Wind Power Generation	
		Investments (Properties and Securities)	
		Real Estate	
9	**Total number of locations where business activity is undertaken by the Company**		
	i) International Locations	None	
	ii) National Locations	The Company has offices located at Pune and Mumbai, business activity in Pune and windmill operation at Tirade Village, Akole.	
10	**Markets served by the Company – Local / State / National / International**	India	

SECTION B:

FINANCIAL DETAILS

1	**Paid up capital (₹ in lakhs)**	970
2	**Total turnover (₹ in lakhs)**	8,609
3	**Total profit after taxes (₹ in lakhs)**	5,945
4	**Total spending on Corporate Social Responsibility (CSR) as % of average profit for last 3 financial years (₹)**	42
5	**List of activities under which expenditure on 4 above has been incurred, include**	1. Promoting Education. 2. Health and Hygiene.

SECTION C:

OTHER DETAILS

1	**Does the Company have any Subsidiary Company / Companies**	As on 31 March 2020, the Company has one subsidiary, viz., Kirloskar Ferrous Industries Limited
2	**Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**	No. The Subsidiary Company has its own BR initiatives.
3	**Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with / participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities (less than 30%, 30-60%, more than 60%)**	No

SECTION D:

BUSINESS RESPONSIBILITY (BR) INFORMATION

1. **Details of Director / Directors responsible for implementation of the BR policy / policies**

(a) **Details of the Director / Directors responsible for implementation of the BR policy / policies:**

The Board of Directors in its meeting held on 22 June 2020, nominated Mr. Mahesh Chhabria, Managing Director of the Company as responsible for implementation of the BR policy / policies. Details as below:

Name	Designation	DIN	Telephone	E-mail ID
Mr. Mahesh Chhabria	Managing Director	00166049	020-29704374	Mahesh.Chhabria@kirloskar.com

(b) **Details of the BR head:**

Name	Designation	DIN	Telephone	E-mail ID
Mr. Mahesh Chhabria	Managing Director	00166049	020-29704374	Mahesh.Chhabria@kirloskar.com

2. BR Policy / policies

Business Responsibility is guided by India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business', which articulates nine principles as below:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

All nine principles as articulated in India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' are covered by Policies of KIL as outlines in the table below:

a) Principle-wise (as per NVGs) BR policy / policies (Reply in Y / N)

Details of compliance

<table>
<tr><th>Sr. No</th><th>Questions</th><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr>
<tr><td>1</td><td>Do you have a policy / policy for...</td><td>Y</td><td>N</td><td>Y</td><td>Y</td><td>N</td><td>N</td><td>Y</td><td>Y</td><td>N</td></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Has the policy been formulated in consultation with the relevant stakeholders?</td><td>Y</td><td>NA</td><td>Y</td><td>Y</td><td>NA</td><td>NA</td><td>Y</td><td>Y</td><td>NA</td></tr>
<tr><td colspan="9">The Company has formulated Policies and adopted best practices on its own volition being sensitive to stakeholders' interest at the same time.</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Does the policy conform to any national / international standards? If yes, specify? (50 words)</td><td>Y</td><td>NA</td><td>Y</td><td>Y</td><td>NA</td><td>NA</td><td>Y</td><td>Y</td><td>NA</td></tr>
<tr><td colspan="9">The Policies meet National Regulatory requirements such as the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, etc. The Company Policies are aligned with Kirloskar Group Policies incorporating best practices.</td></tr>
<tr><td rowspan="2">4</td><td rowspan="2">Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?</td><td>Y</td><td>NA</td><td>Y</td><td>Y</td><td>NA</td><td>NA</td><td>Y</td><td>Y</td><td>NA</td></tr>
<tr><td colspan="9">The Board approval has been obtained wherever mandatory and signed by the Chairman of the Board. Other operation internal policies are approved by the management and signed by the Managing Director.</td></tr>
</table>

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5	Does the Company have a specified committee of the Board / Director / Official appointed to oversee the implementation of the policy?	Y	NA	Y	Y	NA	NA	Y	Y	NA
6	Indicate the link for the policy to be viewed online?	Y	NA	Y	Y	NA	NA	Y	Y	NA
		Mandatory Policies available on Company's website – www.kil.net.in/corporate-governance.html and some Policies available on internal portal, which is accessible only to employees.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	NA	Y	Y	NA	NA	Y	Y	NA
		Internal stakeholders have been made aware of the Policies. External stakeholders are communicated to the extent possible.								
8	Does the Company have in-house structure to implement the policy / policies?	Y	NA	Y	Y	NA	NA	Y	Y	NA
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	NA	Y	Y	NA	NA	Y	Y	NA
10	Has the Company carried out independent audit / evaluation of the working of this policy by internal / external agency?	Y	NA	Y	Y	NA	NA	Y	Y	NA

Y Yes
N No
NA Not Applicable

b) **If answer to the question at serial number 1 against any principle, is 'No', please explain why:**

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	Y	-	-	-	Y	-	-	Y
6	Any other reason (please specify)	-	-	-	-	*	-	-	-	-

* Human Rights: The Company does not have a standalone Human Rights policy. Aspects of human rights such as child labour, forced labour, occupational safety, non-discrimination are covered by its various Human Resource policies.

3. Governance related to BR

(a) **Indicate the frequency with which the Board of Directors, Committees of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:**

The BR performance will be assessed on an annual basis. Considering the size of operations directly controlled, the frequency is deemed appropriate.

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company will publish it's first BR in the Annual Report of the Company. The hyperlink to view the Annual Report is: https://www.kil.net.in/annual-reports-and-general-meeting-notices.html.

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1:

BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No.**

   Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

   KIL is committed to conducting its business in a fair and transparent manner.

   Integrity is a core value at the Company and the values are widely communicated to all relevant stakeholders. The Company has laid down a Code of Conduct (CoC), applicable to all employees, with the objective of establishing and upholding high ethical conduct with utmost transparency, and accountability. The Company does not follow any abusive, corrupt or anti-competitive behavior and is not complicit in violations of applicable regulations and ethical practices by its business partners.

   The Directors and Senior Management of the Company are additionally required to abide by a CoC adopted as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Their affirmation to the CoC is communicated to all stakeholders by the Managing Director through a declaration in the Annual Report.

   The Company's commitment towards doing business responsibly is built upon its CoC and is complemented by -

   - Robust governance structure.
   - Enterprise level Risk Management Framework.
   - Well-structured internal control systems for regular assessment of effectiveness of Company's CoC policy and its adherence.

   The Code applies to every employee of the Company and also it is applicable to all its suppliers, contractors and business partners.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   KIL also has a Vigil Mechanism / Whistle Blower Policy in place, which enables employees and other stakeholders to report instances of unethical behaviour and any violation of the Company's CoC.

   The Company also has an Internal Committee (IC) to redress complaints received with respect to sexual harassment.

   Under the Whistle Blower Policy of the Company, there were no complaints received in 2019-2020. (including employees and stakeholders).

PRINCIPLE 2:

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

The Company is committed to being environmentally sustainable.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risk and / or opportunities?**

   - Wind energy;
   - Real estate development.

   For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional):

   (a) **Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?**

   (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   Since the real estate development activities has just commenced, these factors have been considered in design process. The renewable energy generated by windmills reduces greenhouse gas and other pollutants associated with the conventional power plants.

2. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

   (a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   The Company has a comprehensive maintenance contract with a reliable service provider for the operation and maintenance of its windmills. Real estate development activities are at an initial stage.

3. **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?**

   (a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   (b) **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as less than 5%, 5-10%, more than 10%). Also, provide details thereof, in about 50 words or so?**

   These activities are not applicable to the Company as its primary operations are windmill and investments (properties and securities) and it has worked on development of some of its land parcels. As the real estate activities are in progress, the Company proposes to formulate policies and plans for the community in an around our land parcels under development. The Company shall at appropriate time formulate a waste recycling policy.

PRINCIPLE 3:

BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

Guided by its core values, the Company treats employees as their most valuable resource, who are key to the long-term sustainability of the Company. The Company's HR processes address well-being of its employees at all levels and offers equal opportunity to all without any discrimination. These processes are guided by the inherent values of the Company and are always in conformity with labour laws, human rights and other legislations promulgated from time to time.

The Company evolved a comprehensive policy for Prevention of Sexual Harassment of Employees in line with the law passed by the Government of India in this regard. The broad objective of this policy is to ensure that the employees at all levels can work together in an environment free from gender discrimination, violence and harassment on the basis of gender and ensure that all are provided with equal opportunities for expression and progress. The Company strongly condemns any form of child labour and recruits employees only of employable age.

The Company constantly strives to address the issue of work life balance and encourages their employees to maintain the same. Measures taken towards this include provision of flexi timing, compulsory availment of 15 days annually, extended maternity leave for women, birth day leave provision etc. Employee health is critical for Company's sustainable growth and in keeping with this, annual health checkup is conducted for employees across the organisation followed by necessary corrective and preventive action.

1. **Please indicate the total number of employees:**

   There are total 23 employees including Managing Director and Executive Director as on 31 March 2020.

2. **Please indicate the total number of employees hired on temporary / contractual / casual basis:**

   3 (including trainee).

3. **Please indicate the number of permanent women employees:** 8

4. **Please indicate the number of permanent employees with disabilities:** 0

5. **Do you have an employee association that is recognised by management?** There is no employees' association in the Company.

6. **What percentage of your permanent employees is members of this recognised employee association:** Not applicable.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:**

Sr. No	Category	No. of complaints filed during the Financial Year	No. of complaints pending as on end of the Financial Year
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. **What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

   - Permanent employees: 100%
   - Women employees: 100%
   - Casual / temporary / contractual employees: 100%
   - Employees with disabilities: Not applicable.

PRINCIPLE 4:

BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

1. **Has the Company mapped its internal and external stakeholders?**

   The Company has identified its employees, customers, investors, vendors, contractors, regulatory authorities, technical partners, etc. as its key stakeholders.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?**

   The Company has identified and is responsive to the needs of all its stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words and so.**

   The Company considers stakeholders as partners in business and engages with internal and external stakeholder groups, beyond normal transactional engagement. This also ensures effective two-way communications and also helps identify and address any concerns and creation of a shared value. The Company's key stakeholder groups include vendors, shareholders and employees. The Company strongly believes in 'Enriching Lives' of the communities in which it operates.

   The Company promotes education, health and hygiene amongst vulnerable and disadvantages sections of society.

PRINCIPLE 5:

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   While the Company does not have a standalone Human Rights policy, different aspects of human rights such as child labour, forced labour, occupational safety, non-discrimination are covered by its various Human Resource Policies. These policies are restricted to Company employees.

   The Company recognises that human rights as articulated in the Constitution of India and various other laws like International Bill of Human Rights are inherent, universal, indivisible and interdependent in nature. The Company is not complicit in any human rights violations by its contractors or suppliers. Currently human rights aspects are a part of employee induction training. Whistle Blower and Grievance Redressal mechanisms are in place for receiving and addressing complaints and feedback related to human right's violations or process improvement.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   There were no stakeholders complaints related to human rights violation during the year under review.

PRINCIPLE 6:

BUSINESSES SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. **Does the policy relate to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Company is committed to creating and preserving a clean environment. The respect for and compliance with environmental requirements is also extending to its suppliers and contractors.

2. **Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc. Y/N**

   The Company is committed to ensure environment protection and safety and is fully aware about global environmental issues. Its principle business of windmill operations helps in reducing greenhouse gas emissions and mitigates the impacts of climate change.

3. **Does the Company identify and access potential environmental risks? Y/N**

   Yes. All the major new project developments are assessed for potential environmental risks.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   No.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewal energy, etc. (Y/N). If yes, please give hyperlink for web page, etc.**

   The Company has not undertaken any other initiatives other than its windmill operation mentioned above.

6. **Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

   Not applicable.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending, (i.e., not resolved to satisfaction) as on end of Financial Year?**

   Nil.

PRINCIPLE 7:

BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. **Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:**

   The Company ensures that its policy consists of the highest degree of responsible and ethical behavior and works collectively with trade and industry chambers and associations to raise matters with the relevant government bodies. KIL is a member of Confederation of Indian Industry (CII).

2. **Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No:**

   The Company is an active member of CII and regularly participates in the industry events. It engages consistently and constantly with stakeholders and engages active dialogue leading to policy formulation.

PRINCIPLE 8:

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. **Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   The Company supports, to the extent practical, activities that contribute to inclusive growth and equitable development.

   The Company has adopted a Corporate Social Responsibility (CSR) policy and a CSR Committee of the Board guides policy implementation, monitoring and reporting. The CSR policy is available on the website of the Company. The CSR Report has been dealt with more exhaustively in the annexure to the Board's Report for Financial Year 2019-2020.

2. **Are the programs / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**

   The Company implements the community development programs through an external NGO.

3. **Have you done any impact assessment of your initiative?**

   Yes. The Company periodically discusses the programs with the NGOs and takes feedback from them for assessing the impact of the developmental activities.

4. **What is your Company's direct contribution to community development projects – amount in INR and the details of the project undertaken?**

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Amount spent on the projects or programme (₹ in lakhs)
1	Madhavi Kapur Foundation – Aman Setu My School project	Promoting education	19.45
2	Kirloskar Institute of Advanced Management Studies	Promoting education	12.50
3	S.L. Kirloskar CSR Foundation	Health and hygiene	10.00
	Total		**41.95**

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the Community? Please explain in 50 words or so?**

   The Company supports, to the extent practical, activities that contribute to inclusive growth and equitable development.

   The Company has adopted a Corporate Social Responsibility (CSR) policy and a CSR Committee of the Board guides policy implementation, monitoring and reporting. The CSR policy is available on the website of the Company. The CSR Report has been dealt with more exhaustively in the annexure to the Board's Report for Financial Year 2019-2020.

   In some major projects, the implementing partners NGOs have assessed the positive impact on beneficiaries and adoption by the community.

PRINCIPLE 9:

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. **What percentage of customer complaints / consumer cases is pending as on the end of the financial year?**

   Not applicable.

2. **Does the Company display project information on the product label, over and above what is mandated as per local laws? (Yes / No / NA / Remarks (additional information))?**

   Not applicable.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so?**

   There are no cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and none pending as at end of financial year.

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**

   Not applicable.

STANDALONE
FINANCIAL STATEMENTS

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To the Members of Kirloskar Industries Limited

Report on the Audit of the Standalone Financial Statements

1. Opinion

We have audited the accompanying Standalone Financial Statements of Kirloskar Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the Financial Statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013, ('the Act'), in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit, total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. We report that there were no Key Audit Matters in our audit of the Standalone Financial Statements.

4. Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors and the Report on the Corporate Governance but does not include the Standalone Financial Statements and our auditor's report thereon.

The above reports were made available to us before the date of this auditor's report.

Our opinion on the Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

6. **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. 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 1," a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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

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

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

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

   (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian 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 March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, 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 2" to this report.

(g) As per the information and explanations given to us, we report that, the managerial remuneration has been paid and provided in accordance with Section 197 of the Act and recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company.

(h) 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, as amended, 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 39 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 G. D. Apte & Co
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 20113053AAAABX5920

Sd/-
Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

Annexure 1 referred to in Paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company for the year ended March 31, 2020, of Kirloskar Industries Limited

i.

(a) The Company is maintaining proper records showing full particulars including quantitative details and situation of property, plant and equipments.

(b) The Company has a regular programme of physical verification of its property, plant and equipments according to which, property plant and equipments are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipments were verified during the year and no materials discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.

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

ii. Considering the nature of the Inventories of the Company [Renewable Energy Certificates (RECs)] provisions of paragraph 3(ii) (a) of the order are not applicable to the Company.

iii. Based on the audit procedures conducted by us and according to the information and explanations given to us, no loans, secured or unsecured have been granted to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

iv. Based on the audit procedures conducted by us and according to the information and explanations given to us, in our opinion, the Company has not given any loans or securities to any of its directors or to any other person in whom director is interested under Section 185 of the Act. The Company has complied with provisions of Section 186 of the Act.

v. The Company has not accepted any deposits from the public to which the provisions of Section 73 to 76 or any other relevant provisions of the Act and the Rules framed there under apply. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

vi. The maintenance of cost records is not applicable to the Company pursuant to the provisions of sub-Section (1) of Section 148 of the Act.

vii.

(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, goods and services tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us and from the records of the Company, there were no undisputed statutory dues as at the last day of the financial year which were outstanding for a period of more than six months from the date they became payable. We have been explained that dues in respect of Employee State Insurance and Custom Duty were not applicable during the year.

(b) According to the information and explanations given to us and on the basis of examination of books of account and records of the Company, we report that there are no dues in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax or Cess which have not been deposited on account of any dispute except for following cases:

Sr. No.	Name of the Statute	Nature of dues	Amount in Rs. (Lakhs)	Period to which amount relates	Forum where dispute is pending
1	Finance Act, 1994, (Service Tax)	Denial of service tax credit taken and penalty thereon	0.52	2006-07	CESTAT-Mumbai
2	Income Tax Act, 1961	Disallowance of certain expenses	219.81 (Net of ₹ 63 lakhs paid under protest)	AY 2015-16	CIT(A)
3	Income Tax Act, 1961	Disallowance of certain expenses	290 (Net of ₹ 70 lakhs paid under protest)	AY 2016-17	CIT(A)
4	Income Tax Act, 1961	Disallowance of certain expenses	374.93 (Net of ₹ 94 lakhs paid under protest)	AY 2017-18	CIT(A)

viii. The Company has not availed any loan from any financial institution, bank, government or by way of issue of debentures. Accordingly, reporting under this paragraph regarding default of the Company in repayment of dues to financial institution, bank, government or debenture holders is not required.

ix. During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the management, we report that 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. As per the information and explanations given to us, we report that, the managerial remuneration has been paid and provided in accordance with Section 197 of the Act and recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company.

xii. According to the explanations given to us, the Company is not a Nidhi Company within the meaning of Section 406 of the Act.

xiii. Based upon the audit procedures performed and as per the information and explanations given to us, we report that the transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details as required by the applicable Indian Accounting Standards have been disclosed in the Financial Statements.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. Based upon the audit procedures performed and as per the information and explanations given to us, we report that the Company has not entered into any non-cash transactions of the nature as described in Section 192 (1) of the Act.

xvi. The Company was exempt from registration with Reserve Bank of India (RBI) u/s 45-IA of the Reserve Bank of India Act, 1934, (RBI Act), since it was a Core Investment Company (CIC) during the year 2019-20. As at March 31, 2020, the Company's holding in its group companies was marginally less than 90% of its net assets in stipulated investments which is one of the criteria of a CIC, though it continued to meet the asset income pattern prescribed by RBI for registration u/s 45-IA of the RBI Act. However, during the year, the Company has not disposed off any of its shareholdings in the group companies. According to the information and explanations given to us, the decrease in the net asset value of its stipulated investments in equity shares of the group companies has occurred as a result of fall in the share prices due to stock market volatility mainly after the COVID-19 pandemic. The matter is being examined by the Company and future course of action would be decided accordingly.

For G. D. Apte & Co,
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 20113053AAAABX5920

Sd/-
Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

Annexure 2 referred to in paragraph 7(2)(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report on even date on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013, ("the Act")

To the Members of Kirloskar Industries Limited

We have audited the internal financial controls over financial reporting of Kirloskar Industries Limited ("the Company") as of March 31, 2020, in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

Auditor's 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 as specified under Section 143(10) of the Companies Act, 2013, to the extent 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 were 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 judgement, 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 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 March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration number: 100515W
UDIN: 20113053AAAABX5920

Sd/-
Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

BALANCE SHEET AS AT 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Note No.	As at 31 March 2020	As at 31 March 2019
	ASSETS			
1	**Financial Assets**			
(a)	Cash and cash equivalents	6	**3,143**	197
(b)	Bank balances other than (a) above	7	**91**	2,054
(c)	Receivables	8		
	- Trade receivables		**-**	14
(d)	Investments	9	**54,039**	93,335
(e)	Other financial assets	10	**97**	61
			57,370	95,661
2	**Non-Financial Assets**			
(a)	Investment in subsidiary	11	**17,526**	17,526
(b)	Inventories	12	**-**	-
(c)	Current tax assets (Net)	13	**1,315**	1,124
(d)	Investment property	14	**1,902**	1,981
(e)	Property, plant and equipment	15	**2,231**	2,228
(f)	Capital work-in-progress	16	**12**	-
(g)	Intangible assets	15	**120**	4
(h)	Intangible assets under development	17	**60**	-
(i)	Other non-financial assets	18	**6,037**	4,158
			29,203	27,021
	TOTAL ASSETS		**86,573**	1,22,682
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	**Financial Liabilities**			
(a)	**Trade payables**			
	(i) total outstanding dues of micro enterprises and small enterprises		**-**	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**-**	-
(b)	Deposits	19	**1,206**	1,113
(c)	Other financial liabilities	20	**731**	449
			1,937	1,562
2	**Non-Financial Liabilities**			
(a)	Provisions	21	**449**	309
(b)	Deferred tax liabilities (Net)	22, 36	**166**	131
(c)	Other non-financial liabilities	23	**252**	358
			867	798
	TOTAL LIABILITIES		**2,804**	2,360
3	**EQUITY**			
(a)	Equity share capital	24	**971**	971
(b)	Other equity	25	**82,798**	1,19,351
			83,769	1,20,322
	TOTAL LIABILITIES AND EQUITY		**86,573**	1,22,682

Notes forming part of the Financial Statements: Note No. 1 to 50

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

Ashwini Mali
Company Secretary
ACS 19944

Umesh Shastry
Chief Financial Officer
ACA 043136
Pune: 22 June 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Note No.	Year ended 31 March 2020	Year ended 31 March 2019
1	**Revenue from Operations**			
(a)	Interest income	26	**141**	213
(b)	Dividend income		**4,834**	3,750
(c)	Net gain on fair value changes	27	**303**	341
(d)	Revenue from windmill operations	28	**351**	299
	Total Revenue from Operations		**5,629**	4,603
2	**Other Income**	29	**2,980**	3,189
3	**Total Income**		**8,609**	7,792
4	**Expenses**			
(a)	Finance costs	30	**134**	141
(b)	Impairment on financial instruments	31	**-**	(80)
(c)	Employee benefit expenses	32	**495**	637
(d)	Depreciation and amortization expense	33	**295**	256
(e)	Corporate social responsibility expense	34	**42**	64
(f)	Operating and other expenses	35	**1,151**	1,094
5	**Total Expenses**		**2,117**	2,112
6	**Profit before tax**		**6,492**	5,680
7	**Tax expense**	36		
	- Current tax		**505**	578
	- Deferred tax		**42**	151
8	**Total tax expenses**		**547**	729
9	**Profit for the year**		**5,945**	4,951
10	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	a) Gain / (loss) on remeasurements of defined benefit plan		**(29)**	(9)
	b) Gain / (loss) on fair valuation of quoted investments in equity shares		**(39,617)**	(49,282)
	c) Income tax expenses / (reversal) relating to items that will not be reclassified to profit or loss		**(7)**	(2)
11.	**Other Comprehensive Income**		**(39,639)**	(49,289)
12.	**Total Comprehensive Income for the year**		**(33,694)**	(44,338)
13.	**Earnings per equity share (for continuing operations)**	**37**		
	[Nominal value of share ₹ 10 (Previous Year ₹ 10)]			
	Basic (₹)		**61.23**	50.99
	Diluted (₹)		**61.23**	50.91

Notes forming part of the Financial Statements: Note No. 1 to 50

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

Ashwini Mali
Company Secretary
ACS 19944

Umesh Shastry
Chief Financial Officer
ACA 043136
Pune: 22 June 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

A. Equity Share Capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	As at 31 March 2020		As at 31 March 2019	
	No.	₹ lakhs	No.	₹ lakhs
As at beginning of the year	**97,08,650**	**971**	97,08,650	971
Add: Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
As at end of the year	**97,08,650**	**971**	97,08,650	971

B. Other Equity

Particulars	Reserves and surplus				Total
	General Reserve	Share Options Outstanding Account	Equity instruments through Other Comprehensive Income	Surplus / (Deficit) in the Statement of Profit and Loss	
As at 1 April 2018	**32,262**	**490**	**86,263**	**45,964**	**1,64,979**
Profit for the year	-	-	-	4,951	4,951
Employee Stock Options Expense	-	986	-	-	986
Measurement of Investments at FVTOCI	-	-	(49,282)	-	(49,282)
Adjustments on lapse of share options	-	(14)	-	14	-
Remeasurement of defined benefit plans (net of taxes)	-	-	-	(7)	(7)
Appropriations:					
Final Dividend for year 2017-18	-	-	-	(2,039)	(2,039)
Tax on Final Dividend for year 2017-18	-	-	-	(237)	(237)
As at 31 March 2019	**32,262**	**1,462**	**36,981**	**48,646**	**1,19,351**
Profit for the year	-	-	-	5,945	5,945
Adjustment on lapse of vested share options	98	(98)	-	-	-
Stock Options Expense	-	393	-	-	393
Measurement of Investments at FVTOCI	-	-	(39,617)	-	(39,617)
Adjustment on lapse of unvested share options	-	(113)	-	-	(113)
Remeasurement of defined benefit plans (net of taxes)	-	-	-	(22)	(22)
Appropriations:					
Final Dividend for year 2018-19	-	-	-	(2,039)	(2,039)
Interim Dividend for year 2019-20	-	-	-	(971)	(971)
Tax on Final Dividend for year 2018-19	-	-	-	(129)	(129)
As at 31 March 2020	**32,360**	**1,644**	**(2,636)**	**51,430**	**82,798**

Notes forming part of the Financial Statements: Note No. 1 to 50

As per our attached report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Umesh Shastry
Chief Financial Officer
ACA 043136
Pune: 22 June 2020

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

			For the year ended 31 March 2020		For the year ended 31 March 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit / (Loss) before tax		**6,492**		5,680
	Adjustments for:				
	Depreciation and amortization expense	**295**		256	
	Stock option expenses	**98**		368	
	Fair valuation of mutual funds	**(303)**		(341)	
	Gain on sale of investment of property	**(202)**		(129)	
	Impairment on financial instruments	**-**		(80)	
	Interest income	**(141)**		(213)	
	Dividend income	**(4,834)**		(3,750)	
	Income from licensing of property	**(2,774)**		(3,060)	
	Finance cost	**134**	**(7,727)**	141	(6,808)
	Operating profit / (loss) before working capital changes		**(1,235)**		(1,128)
	Changes in working capital:				
	(Increase) / Decrease in inventories	**-**		-	
	(Increase) / Decrease in trade receivables	**14**		101	
	(Increase) / Decrease in other bank balances	**(19)**		(6)	
	(Increase) / Decrease in other financial assets	**(33)**		388	
	(Increase) / Decrease in other non-financial assets	**(1,676)**		(3,433)	
	Increase / (Decrease) in other financial liabilities	**154**		116	
	Increase / (Decrease) in other non-financial liabilities	**5**		63	
	Increase / (Decrease) in provisions	**90**		14	
			(1,465)		(2,757)
	Cash generated from operations		**(2,700)**		(3,885)
	Net income tax (paid) / refunds		**(696)**		(643)
	NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		**(3,396)**		**(4,528)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of property, plant and equipment (including capital work in progress)	**(268)**		(193)	
	Capital advances for purchase of property, plant and equipment	**-**		(16)	
	Proceeds from sale of property, plant and equipment	**-**		6	
	Maturity proceeds of / (investment in) fixed deposits	**1,934**		472	
	Investment in equity instruments	**(18)**		-	
	Interest income	**189**		271	
	Dividend income	**4,834**		3,750	
	Security deposits	**(20)**		(244)	
	Income from licensing of property	**2,659**		2,936	
	Purchase of investment property	**(27)**		(187)	
	Sale of investment property	**231**		146	
	NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		**9,514**		**6,941**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Payment of Lease Liabilities	**(53)**		-	
	Dividend paid (including tax on distribution profits)	**(3,119)**		(2,267)	
	NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		**(3,172)**		**(2,267)**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		**2,946**		**146**
	Cash and cash equivalents at the beginning of the year		**197**		51
	Cash and cash equivalents at the end of the year (Refer Note No: 6)		**3,143**		**197**

Notes:

1 The above Cash- Flow Statement has been prepared under the indirect method setout in Indian Accounting Standard (Ind AS) -7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015.

2 Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.

3 All figures in brackets indicate outflow.

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

Ashwini Mali
Company Secretary
ACS 19944

Umesh Shastry
Chief Financial Officer
ACA 043136
Pune: 22 June 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 1 :
CORPORATE INFORMATION

Kirloskar Industries Limited ("the Company") is a public company incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India, namely the BSE Limited and the National Stock Exchange of India Limited. The Company is engaged in wind-power generation. The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Mega Watt (MW). The windmills are located at Tirade Village Tal. Akole, Dist. Ahmednagar. The Company sells wind power units generated, to third party as per the approval from the Maharashtra State Electricity Distribution Company Limited (MSEDCL) and in the absence of such approval to MSEDCL.

The Company has investment in properties and securities. The Board of Directors had approved the development of some land parcels owned by the Company at Kothrud, Pune. Accordingly, the Company has taken various actions towards the process of the development of the land parcels at Kothrud.

The Standalone Financial Statements of the Company for the year ended 31 March 2020, were authorised for issue in accordance with a resolution of the Board of Directors on 22 June 2020.

NOTE 2 :
BASIS OF PREPARATION

The Standalone Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013, ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1 April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which there is no impact as at 1 April 2019, consequent to the transition and the comparative information has not been restated.

Except for the above, the Company has consistently applied accounting policies while preparing these Standalone Financial Statements.

The Standalone Financial Statements have been prepared on a historical cost basis, except for the following, which are measured on an following basis on each reporting date.

Items	Measurement basis
Investment in equity instruments (other than equity instruments of the subsidiary recognised at cost)	Fair value through other comprehensive income
Investment in mutual funds	Fair value through profit and loss
Share-based payment	Fair value

Functional and presentation currency

The Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Standalone Financial Statements are presented in Indian rupee (₹) rounded off to nearest lakhs (unless otherwise stated), which is the Company's functional and presentation currency.

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 3 :
SIGNIFICANT ACCOUNT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Contingent liability

The Company has received orders and notices from different Government authorities and tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyses current information about these matters and discloses the information relating to contingent liability. In making the decision regarding the need for creating loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

ii. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value Refer Note No. 4(a) and Note No. 46.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Site restoration and decommissioning obligation

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The Company estimates the liability for decommission and restoration obligation in respect of windmills using the best estimates available at each reporting date.

Defined benefit plans

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

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

Further details about defined benefit plans obligations are given in Note No. 38.

Deferred tax

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

Share-Based Payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Estimations and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 4 :
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its Standalone Financial Statements:

a) Fair value measurement

The Company measures financial instruments such as investments in equity shares, mutual funds etc. at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Standalone Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Standalone Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Refer Note No. 46)
- Financial instruments (including those carried at amortised cost) (Refer Note No. 47)

b) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost net of accumulated depreciation and impairment losses, if any.

The cost comprises of the purchase price and directly attributable costs of bringing the asset to its working condition for the intended use. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, where the Company has such contractual obligation. Any trade discounts and rebates are deducted in arriving at the purchase price. Each part of item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

i. Depreciation and amortisation

Depreciation is provided on all assets (except land, being a non-depreciable asset) equally over the useful life of the individual assets as prescribed under Part C of Schedule II to the Act. These lives also reflect the management's estimate of the useful life of the respective property, plant and equipment.

In case of windmills, useful life of 20 years (instead of 22 years as prescribed in Part C of Schedule II to the Act) has been estimated by the management of the Company for the purpose of charging depreciation based on technical assessment by independent external expert.

Dismantling and restoration cost are depreciated over remaining useful life of the windmill.

In case of vehicles, useful life of 5 years (instead of 8 years as prescribed in Part C of Schedule II to the Act) has been estimated by the management of the Company for the purpose of charging depreciation.

Leasehold improvements are amortised under straight line method over the lower of lease term and the useful life of such assets subject to maximum of 60 months.

All items of property, plant and equipment individually costing ₹ 5,000 or less are fully depreciated in the year of installation.

Depreciation is recognised in the Statement of Profit and Loss from the month in which the asset is acquired while the depreciation on assets sold during the year is recognised in the Statement of Profit and Loss till the month prior to the month in which the asset is sold.

ii. Disposals / derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

iii. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate.

c) Intangible assets

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

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost comprising of the consideration paid for acquisition less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the Statement of Profit and Loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives i.e., softwares are amortised on a straight-line basis over the period of expected future benefits i.e., over their estimated useful lives of five years. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

d) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

(i) Income from power generation is recognised on supply of power to the grid in accordance with the terms and conditions of the contract with the Open Access Consumer.

The unutilised units by the Open Access Consumer are initially recognised at a rate which is estimated on the basis of latest available rates as per MSEDCL circulars / orders. The same are subsequently billed upon determination of the billable rate / units after verification by MSEDCL in accordance with the Rules and Regulations. The difference between the initial accrual and final billing is adjusted with the revenue of the year in which the billing is done.

(ii) Income from the sale of Renewable Energy Certificates (RECs) is recognised on an accrual basis at the time when the contract to sale is entered.

(iii) Dividend is recognised as income when right to receive it is established.

(iv) Interest on fixed deposits with banks, debentures, bonds, etc., is recognised on a time proportion basis taking into account the amount outstanding and rate applicable. In case of significant uncertainty of receiving interest, the same is not recognised though accrued and is recognised only when received.

(v) Profit / Loss of the sale / redemption of investments is dealt with at the time of actual sale / redemption.

(e) Expenditure on Corporate Social Responsibility (CSR Activities)

The expenditure on CSR Activities is recognised in the Statement of Profit and Loss upon utilisation by the trust/NGO to which the funding is made by the Company. The expenditure on CSR Activities conducted by the Company is recognised in the Statement of Profit and Loss, on an accrual basis as and when the activities are undertaken.

(f) Income taxes

i. Current Income Tax

Current income tax assets and expenses / liabilities are measured respectively at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss, (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

g) Investments

i. Investment in subsidiary

Investment in subsidiary is carried at cost in the Standalone Financial Statements.

ii. Investment property

Investment in land and / or buildings that are not intended to be occupied substantially for use by or in the operations of the Company are classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortise the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II of the Act.

Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of derecognition.

h) Leases

Company as a Lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or otherwise. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. Such depreciation is recognised in the Statement and of Profit and Loss except to the extent that it can be allocated to any property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. After the commencement date, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications. The lease liability is also remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The interest on the lease liability is recognised in the Statement of Profit and Loss except to the extent that it can be allocated to any property, plant and equipment.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than ₹ 5,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the Statement of Profit and Loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straightline basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

i) Inventories

Renewable Energy Certificates (RECs) are recognised upon application for certification to the respective authorities till such units are sold and valued at lower of cost and net realisable value. Cost comprises of costs incurred for certification of RECs. Net realisable value of RECs is the estimated selling price in the ordinary course of business.

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

j) **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss in those expense categories consistent with the function of the impaired asset

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

k) **Provisions**

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of the provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

l) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the Standalone Financial Statements.

m) **Retirement and other employee benefits**

a) **Short-term Employee Benefits**

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits and are measured on an undiscounted basis according to the terms and conditions of employment. Such benefits include salaries, bonus, short-term compensated absences, awards, etc. and are recognised in the period in which the employee renders the related service, except to the extent that it can be allocated to any property, plant and equipment.

b) **Post-employment benefits**

(i) **Defined contribution plan**

The eligible employees of the Company are entitled to receive benefits under the Provident Fund and Superannuation Scheme, which are defined contribution plans. In case of Provident Fund, both the employee and the Company contribute monthly at a stipulated rate to the Government Provident Fund, while in case of Superannuation, the Company contributes to Life Insurance Corporation of India at a stipulated rate. The Company has no liability for future Provident Fund or Superannuation benefits other than its annual contributions which are recognised as an expense on an accrual basis.

The Company recognise contribution payable as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

(ii) **Defined benefit plan**

The Company operates a defined benefit plan for its employees, viz., gratuity. The present value of the obligation or asset 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. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in finance cost in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly as other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iii) Other long-term employment benefits

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly as other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity.

n) Share based payments

Eligible employees in terms of the Employees Stock Options Scheme of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Share-Based Payment ("SBP") reserves in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense / vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as share dilution in the computation of diluted earnings per share.

o) Financial instruments

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

a) Financial assets

Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

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

- Debt instruments at amortised cost
- Debt instruments at Fair Value Through Profit or Loss (FVTPL)
- Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest income from these financial assets is included in finance income using the effective interest rate method.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company has made an irrevocable election to present subsequent changes in the fair value in the OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, on sale of investment. However, the Company transfers the cumulative gain or loss within the equity from OCI to Retained Earnings.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss at each reporting date.

Dividends from such investments are recognised in profit or loss when the Company's right to receive payments is established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost.
- Trade receivables or any contractual right to receive cash or another financial asset.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Company does not have any Purchased or Originated Credit-Impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase / origination.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value net of, in the case of financial liabilities not classified as FVTPL, transaction costs that are attributable to the issue of the financial liability. Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated as such upon initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated as such upon initial recognition at the initial date of recognition if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risks are recognised in OCI. These gains / losses are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

Financial liabilities at amortised cost

After initial recognition, these instruments are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

De-recognition of financial liability

A financial liability (or a part of a financial liability) is derecognised from the Balance Sheet when, and only when, it is extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

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

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p) **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past of future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

q) **Cash and cash equivalents**

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. In the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered as integral part of the Company's cash management.

r) **Dividend**

The Company recognises a liability to make cash distributions to the equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the provisions of the Act, a distribution is authorised when it is approved by the shareholders except in case of interim dividend which is approved by the Board of Directors. A corresponding amount is recognised directly in equity.

s) **Earnings Per Share (EPS)**

Basic EPS is calculated by dividing the Company's earnings for the year attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The earnings considered in ascertaining the Company's EPS comprise the net profit after tax attributable to equity shareholders. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

t) Segment reporting

i) Identification of segment

An operating segment is a component of a Company whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and assess its performance and for which discrete financial information is available.

ii) Allocation of income and direct expenses and unallocated expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment. Common allocable costs are allocated to each segment pro-rata on the basis of revenue of each segment to the total revenue of the Company. The remainder is considered as un-allocable expense.

iii) Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole.

NOTE 5 :
RECENT ACCOUNTING PRONOUNCEMENTS

The Ministry of Corporate Affairs has not notified any new Indian Accounting Standard or amendments to the existing Indian Accounting Standards effective from 1 April 2020, which would impact the Financial Statements of the Company.

	As at 31 March 2020	As at 31 March 2019
NOTE 6 : **CASH AND CASH EQUIVALENTS**		
Cash on hand	1	-
[₹ 60,632 (Previous Year: ₹ 13,319)]		
Balances with banks		
- On current accounts	240	22
- Fixed deposits having original maturity less than 3 months	2,902	175
Total	3,143	197

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
NOTE 7 : BANK BALANCES OTHER THAN NOTE (6) ABOVE		
Earmarked balances		
Unclaimed dividend accounts	**91**	72
Unclaimed fractional shareholdings account*	-	-
Other bank balances		
Deposits with banks	-	1,982
Total	**91**	2,054

* Amount of ₹ 3 lakhs from unclaimed fractional entitlement was transferred to Investors Education and Protection Fund during the previous year.

	As at 31 March 2020	As at 31 March 2019
NOTE 8 : RECEIVABLES		
Trade receivables		
- Unsecured, considered good	-	14
- Unsecured, credit impaired	-	2
Less: Allowance for impairment loss	-	(2)
	-	-
Total	-	14

There are no debts due by the directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms including Limited Liability Partnerships (LLPs), private companies, respectively, in which any director or other officer is a partner or a director or a member.

		Face value	As at 31 March 2020		As at 31 March 2019	
		(₹)	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
NOTE 9 : INVESTMENTS						
(A)	**Measured at fair value through other comprehensive income**					
(i)	*(Quoted equity instruments, fully paid)*					
	Kirloskar Pneumatic Company Limited *	2	**64,22,990**	**6,066**	64,22,990	13,167
	Swaraj Engines Limited	10	**21,14,349**	**19,137**	21,14,349	29,788
	Kirloskar Brothers Limited	2	**1,89,88,038**	**16,482**	1,89,88,038	31,074
	Kirloskar Oil Engines Limited	2	**82,10,439**	**7,135**	82,10,439	14,405
	Cummins India Limited	2	**683**	**2**	683	5
				48,822		88,439
(ii)	*(Unquoted equity instruments, fully paid)*					
	S. L. Kirloskar CSR Foundation $	10	**9,800**	**-**	9,800	-
	Kirloskar Management Services Private Limited	10	**1,75,000**	**18**	-	-
	The Mysore Kirloskar Limited (In liquidation)	10	**1,13,460**	**27**	1,13,460	27
	Less: Provision for impairment loss			**(27)**		(27)
				18		-
	Sub-total (A)			**48,840**		88,439
(B)	**Measured at amortised cost**					
	(Unquoted debentures and bonds)					
	The Mysore Kirloskar Limited (In liquidation)					
	12.5% Secured Non Convertible Part "B" debentures of ₹ 44/- each	100	**30,000**	**13**	30,000	13
	Less: Provision for impairment loss			**(13)**		(13)
	Sub-total (B)			**-**		-
(C)	**Measured at fair value through profit and loss Investments in liquid mutual funds**					
	DSP Blackrock Liquidity Fund- Reg(G)		**61,295**	**1,730**	61,295	1,630
	ICICI Prudential Liquid Plan (G)		**5,93,909**	**1,737**	5,93,909	1,635
	Nippon India Liquid Fund (G) (formerly known as Reliance Liquid- Treasury Plan (G))		**35,927**	**1,732**	35,927	1,631
	Sub-total (C)			**5,199**		4,896
	Total (A + B + C)			**54,039**		93,335

* During previous year, Kirloskar Pneumatic Company Limited had sub-divided 1 Equity Share of face value of ₹ 10/- per share, into 5 equity shares of face value of ₹ 2/- per share, with effect from 27 September 2018.

$ Held at nominal value of ₹ 1/-

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 10 :
OTHER FINANCIAL ASSETS

	As at 31 March 2020	As at 31 March 2019
Measured at amortised cost		
(Unsecured, considered good, unless otherwise stated)		
Contract assets (Unbilled receivables)	**44**	14
Unsecured, credit impaired	**39**	39
Less: Allowance for impairment loss	**(39)**	(39)
	44	14
Security deposits	**30**	27
Other receivables	**23**	20
Other advances		
Unsecured, credit impaired	**386**	386
Less: Allowance for impairment loss	**(386)**	(386)
	-	-
Total	**97**	61

NOTE 11 :
INVESTMENT IN SUBSIDIARY

	As at 31 March 2020	As at 31 March 2019
Measured at cost		
(Quoted equity instruments, fully paid)		
Kirloskar Ferrous Industries Limited	**17,526**	17,526
- Extent of holding by the Company is 51.26 % (Previous Year: 51.32%)		
- Number of shares held 7,06,43,754 (Previous Year: 7,06,43,754)		
Total	**17,526**	17,526

During the year, subsidiary has issued 1,72,950 equity shares (Previous Year :3,40,960 equity shares) under its ESOP scheme thereby reducing company's investment from 51.32% to 51.26%.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
NOTE 12 :		
INVENTORIES		
Renewable Energy Certificates (RECs) and RECs under certification	-	-
[₹ 9,056 (Previous Year: ₹ NIL)]		
[Total REC units 1168 (Previous Year: NIL); of which certified units are 528 and 640 units are under certification]		
Total	-	-

	As at 31 March 2020	As at 31 March 2019
NOTE 13 :		
CURRENT TAX ASSETS (NET)		
Advance Income Tax	**1,315**	1,124
[Net of Provision for Income Tax ₹ 7,981 lakhs (Previous Year: ₹ 7,476 lakhs)]		
Total	**1,315**	1,124

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
NOTE 14 :		
INVESTMENT PROPERTY		
Land (at cost)		
Balance as at the beginning of the year	15	15
Add: Additions during the year	-	-
Less: Sold during the year	-	-
Balance as at the end of the year (i)	15	15
Building (at cost less depreciation)		
(a) Gross block		
Balance as at the beginning of the year	2,740	1,360
Add: Additions during the year	27	187
Add: Transferred from property, plant and equipment	-	1,215
Less: Sold during the year	36	22
Balance as at the end of the year	2,731	2,740
(b) Accumulated depreciation		
Balance as at the beginning of the year	774	703
Add: Depreciation for the year	80	66
Add: Transferred from property, plant and equipment	-	10
Less: On disposals	10	5
Balance as at the end of the year	844	774
Net Block of building (ii) = (a) - (b)	1,887	1,966
Total investment property (i) +(ii)	1,902	1,981
Movement in fair value of Investment Property		
Fair value of assets as at the beginning of the year	73,476	72,274
Change in fair value	2,108	1,202
Fair value of assets as at the end of the year	75,584	73,476

Fair valuation methodology

The fair values of investment properties have been determined on the basis of valuation carried out by an independent valuer on a case to case basis. Valuation is based on government rates, market research, market trend and comparable values as considered appropriate.

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 15 :
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Particulars	Property, plant and equipment (A)										Intangible Assets (B)			Total (A) + (B)
	Building	Plant and equipment		Furniture and Fixtures	Vehicles	Office Equipment	Computers and Peripherals	Electrical Installations	Leasehold improvement	Total (A)	Computer Software	Right of Use of Assets-Building	Total (B)	
		Wind power generators	Diesel Generator Set											
Gross Block														
Balance as at 1 April 2018	2,431	2,714	9	76	180	56	21	7	-	5,494	1	-	1	5,495
- Additions	104	-	3	82	151	95	21	41	-	497	5	-	5	502
- (Disposals)/ (Adjustments)*	(1,215)	-	-	(28)	-	-	-	-	-	(1,243)	-	-	-	(1,243)
Balance as at 31 March 2019	**1,320**	**2,714**	**12**	**130**	**331**	**151**	**42**	**48**	**-**	**4,748**	**6**	**-**	**6**	**4,754**
- Additions	-	-	-	53	39	18	7	15	80	212	-	201	201	413
- (Disposals)/ (Adjustments)	-	-	-	(1)	-	-	(3)	-	-	(4)	-	(77)	(77)	(81)
Balance as at 31 March 2020	**1,320**	**2,714**	**12**	**182**	**370**	**169**	**46**	**63**	**80**	**4,956**	**6**	**124**	**130**	**5,086**
Accumulated Depreciation														
Balance as at 1 April 2018	20	2,234	5	45	25	15	14	4	-	2,362	1	-	1	2,363
- Depreciation charge for the year	22	55	1	18	56	27	6	4	-	189	1	-	1	190
- On (Disposals)/ (Adjustments)*	(10)	-	-	(21)	-	-	-	-	-	(31)	-	-	-	(31)
Balance as at 31 March 2019	**32**	**2,289**	**6**	**42**	**81**	**42**	**20**	**8**	**-**	**2,520**	**2**	**-**	**2**	**2,522**
- Depreciation charge for the year	22	55	1	13	72	28	10	5	1	207	1	7	8	215
- On (Disposals)/ (Adjustments)	-	-	-	(1)	-	-	(1)	-	-	(2)	-	-	-	(2)
Balance as at 31 March 2020	**54**	**2,344**	**7**	**54**	**153**	**70**	**29**	**13**	**1**	**2,725**	**3**	**7**	**10**	**2,735**
Net Block														
Balance as at 31 March 2019	1,288	425	6	88	250	109	22	40	-	2,228	4	-	4	2,232
Balance as at 31 March 2020	1,266	370	5	128	217	99	17	50	79	2,231	3	117	120	2,351

* Adjustments of ₹ 1,215 lakhs in gross block and ₹ 10 lakhs in accumulated depreciation represent transfer to investment property consequent to letting out a part of the property.

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019

NOTE 16 :
CAPITAL WORK-IN-PROGRESS

Balance as at the beginning of the year	-	236
Add: Additions during the year	12	-
Less: Capitalised during the year	-	(236)
Balance as at the end of the year	12	-

NOTE 17 :
INTANGIBLE ASSETS UNDER DEVELOPMENT

Balance as at the beginning of the year	-	-
Add: Additions during the year	60	-
Less: Capitalised during the year	-	-
Balance as at the end of the year	60	-

NOTE 18 :
OTHER NON-FINANCIAL ASSETS

Unsecured considered good:		
Capital advances	-	16
Prepaid expenses	17	17
Balance with goverment authorities	144	166
Real estate project under development *	5,873	4,091
Others	3	18
Total	6,037	4,158

* The expenses in respect of real estate activities would be reviewed and re-classified as 'Capital Work in Progress' or 'Inventories', depending on the nature of the Project and the Business Model which shall be determined by the Company in due course.

NOTE 19 :
DEPOSITS

Measured at amortised cost		
Other - Security deposits	1,206	1,113
Total	1,206	1,113

	As at 31 March 2020	As at 31 March 2019
NOTE 20 :		
OTHER FINANCIAL LIABILITIES		
Measured at amortised cost		
Investors education and protection fund will be credited by the following amounts, as and when due:		
- Unclaimed equity dividend*	**91**	72
- Unclaimed fractional entitlement **	**-**	-
Employee benefits	**180**	159
Expenses and other payable***	**306**	181
Commission payable to directors	**45**	37
Lease liability	**109**	-
Total	**731**	449

* Unclaimed equity dividend includes ₹ 0.12 lakhs (Previous Year: ₹ 0.09 lakhs); on 31 shares in abeyance on the directions of Special Court which will not be transferred to Investors Education and Protection Fund and also includes ₹ 12 Lakhs where dividend warrants could not be dispatched due to COVID -19.

** Amount ₹ 3 lakhs from Unclaimed fractional entitlement was transferred to Investors Education and Protection Fund during the previous year.

*** Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act, 2006).

Total outstanding to MSME suppliers		
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest due and payable to suppliers under MSMED Act for the payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

NOTE 21 :
PROVISIONS

Gratuity	**190**	84
Compensated absences	**67**	48
Decommissioning and restoration (Refer Note No. 41)	**192**	177
Total	**449**	309

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
NOTE 22 :		
DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities (Net)	**166**	131
Total	**166**	131
NOTE 23 :		
OTHER NON-FINANCIAL LIABILITIES		
Taxes and duties	**94**	87
License fees received in advance	**158**	271
Total	**252**	358

NOTE 24 :
EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and paid-up share capital and par value per share:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
AUTHORISED				
Equity Shares of ₹ 10/- each	**5,00,00,000**	**5,000**	5,00,00,000	5,000
ISSUED AND SUBSCRIBED				
Equity Shares of ₹ 10/- each	**97,08,650**	**971**	97,08,650	971
CALLED UP AND PAID UP				
Equity Shares of ₹ 10/- each fully paid up	**97,08,619**	**971**	97,08,619	971
SHARE CAPITAL SUSPENSE ACCOUNT*	**31**	**-**	31	-
Equity Shares of ₹ 10/- each fully paid up				
Total	**97,08,650**	**971**	97,08,650	971

* 31 (Previous Year: 31) Equity Shares of ₹ 10/- each aggregating to ₹ 310/- to be issued to shareholders of erstwhile Shivaji Works Limited on amalgamation as per scheme sanctioned by Board for Industrial and Financial Reconstruction, are kept in abeyance on the directions of Special Court.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

(b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	**97,08,650**	**971**	97,08,650	971
Add: Shares Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**97,08,650**	**971**	97,08,650	971

(C) Equity shares in the Company held by each shareholder holding more than 5% shares:

Name Of Shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares held	% of holding	Number of shares held	% of holding
India Capital Fund Limited	**9,61,205**	**9.90%**	9,61,205	9.90%
Mr. Atul Chandrakant Kirloskar #	**16,35,300**	**16.84%**	16,35,300	16.84%
Mr. Rahul Chandrakant Kirloskar # #	**16,21,688**	**16.70%**	16,21,688	16.70%
Mrs. Arti Atul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%
Mrs. Jyotsna Gautam Kulkarni	**11,78,592**	**12.14%**	11,78,592	12.14%
Mr. Nihal Gautam Kulkarni	**5,89,296**	**6.07%**	5,89,296	6.07%
Mr. Ambar Gautam Kulkarni	**5,89,296**	**6.07%**	5,89,296	6.07%
Mrs. Alpana Rahul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%

Out of these, 16,35,275 (Previous Year: 16,35,275) equity shares are held in the individual capacity and 25 (Previous Year: 25) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

Out of these, 16,21,459 (Previous Year: 16,21,459) equity shares are held in the individual capacity and 229 (Previous Year: 229) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

(D) Details of allotment of shares for consideration other than cash, allotments of bonus shares and shares bought back:

Particulars	Financial year (Aggregate no. of shares)				
	2019-20	2018-19	2017-18	2016-17	2015-16
Equity Shares :					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares bought back	-	-	-	-	-

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

(e) Each holder of equity share is entitled to one vote per share and to receive interim / final dividend as and when declared by the Board of Directors / at the Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

	As at 31 March 2020	As at 31 March 2019
NOTE 25 : OTHER EQUITY		
(a) General reserve		
Balance as at the beginning of the year	32,262	32,262
Add: Transfer from surplus of Profit and Loss	-	-
Add : Forfeited Employee Stock Options	98	-
Balance as at the end of the year	32,360	32,262
(b) Share options outstanding account (Refer Note No. 44)		
Balance as at the beginning of the year	1,462	490
Stock Options Expense	393	986
Less: Adjustment of employee benefit cost on lapse of unvested share options	(113)	(14)
Less : Adjustment on lapse of vested share options transferred to General Reserve	(98)	-
Balance as at the end of the year	1,644	1,462
(c) Equity instruments through other comprehensive income		
Balance as at the beginning of the year	36,981	86,263
Measurement of Investments at FVTOCI	(39,617)	(49,282)
Balance as at the end of the year	(2,636)	36,981
(d) Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as at the beginning of the year	48,646	45,964
Add: Net Profit transferred from the statement of profit and loss	5,945	4,951
Add: Adjustment on lapse of share options	-	14
Add / (Less): Remeasurement of defined benefit plans (net of taxes)	(22)	(7)
Amount available for appropriation	54,569	50,922
Less: Appropriations:		
Final Dividend for F.Y. 2018-19 (2017-18)	2,039	2,039
Interim Dividend for F.Y. 2019-20 (2018-19)	971	-
Tax on Final Dividend for F.Y. 2018-19 (2017-18)	129	237
Net surplus in the Statement of Profit and Loss	51,430	48,646
Total	82,798	1,19,351

Notes:

1) **General Reserve:**

General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

2) Share options outstanding account:

The share option outstanding account is used to recognise the fair value of options to the employees under the employee stock option plans of the Company, which are unvested or unexercised as on the reporting date (Refer Note No 44).

3) Equity instruments through Other Comprehensive Income:

This reserve represents the cumulative gains and losses arrising on the fair valuation of equity instruments measured through Other Comprehensive Income, net of amounts reclassified to retained earnings when these equity instruments are disposed off.

4) Surplus / (Deficit) in the Statement of Profit and Loss:

This comprise of the undistributed profit after taxes.

	Year ended 31 March 2020	Year ended 31 March 2019
NOTE 26 : INTEREST INCOME		
- On financial assets measured at amortised cost		
Interest on deposits with banks	**141**	213
Total	**141**	213
NOTE 27 : NET GAIN ON FAIR VALUE CHANGES		
- On financial instruments measured at fair value through profit and loss		
Investments in mutual funds	**303**	341
Total	**303**	341
NOTE 28 : REVENUE FROM WINDMILL OPERATIONS		
Sale of wind power	**326**	299
Sale of renewable energy credit *	**25**	-
Total	**351**	299

* 1,117 Renewable Energy Certificates (RECs) sold during the year (Previous Year : NIL).

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019

NOTE 29 :
OTHER INCOME

	Year ended 31 March 2020	Year ended 31 March 2019
Property licensing fees	**2,774**	3,060
Gain on sale of investment property*	**202**	129
Provision written back	**2**	-
Miscellaneous income	**2**	-
(Previous Year: ₹ 41,480/-)		
Total	**2,980**	3,189

* During the year, the Company sold an investment property at Banglore for consideration of ₹ 231 lakhs resulting in to profit of ₹ 202 lakhs. (In Previous Year the Company sold an investment property at Banglore for consideration of ₹ 146 lakhs resulting in to profit of ₹ 129 lakhs).

NOTE 30 :
FINANCE COSTS

	Year ended 31 March 2020	Year ended 31 March 2019
On financial liabilities		
Unwinding of interest on security deposit	**108**	123
On provisions		
Unwinding of interest on provision for decommissioning and restoration	**15**	14
Lease liability	**5**	-
Net Interest on net defined benefit liability	**6**	4
Total	**134**	141

NOTE 31 :
IMPAIRMENT ON FINANCIAL INSTRUMENTS

	Year ended 31 March 2020	Year ended 31 March 2019
- On financial instruments measured at amortised cost		
Expected Credit Loss on trade receivables and contract assets	**-**	(80)
Total	**-**	(80)

	Year ended 31 March 2020	Year ended 31 March 2019

NOTE 32 :
EMPLOYEE BENEFIT EXPENSES

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and incentives	**294**	235
Contributions to Provident fund, Superannuation and Labour Welfare Fund	**28**	23
Employees stock option expense (Refer Note No. 44)	**96**	368
Gratuity	**73**	7
Staff welfare expenses	**4**	4
Total	**495**	637

NOTE 33 :
DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31 March 2020	Year ended 31 March 2019
On property, plant and equipment (Refer Note No. 15)	**207**	189
On investment property (Refer Note No. 14)	**80**	66
On right of use of asset (Refer Note No. 15)	**7**	-
On intangible assets (Refer Note No. 15)	**1**	1
Total	**295**	256

NOTE 34 :
CORPORATE SOCIAL RESPONSIBILITY EXPENSE

	Year ended 31 March 2020	Year ended 31 March 2019
Construction / acquisition of any asset		
- Amount already incurred	**-**	8
- Amount yet to be incurred	**-**	-
On purposes other than above		
- Amount already incurred	**42**	56
- Amount yet to be incurred	**-**	-
Total	**42**	64

As per Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 41 lakhs as expenditure on CSR activities during the year (Previous Year ₹ 61 lakhs).

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Year ended 31 March 2020	Year ended 31 March 2019
NOTE 35 : OPERATING AND OTHER EXPENSES			
A.	**Operating expenses of windmills**		
	Operation and maintenance charges*	122	129
	Transmission and wheeling charges	6	-
	Other open access charges	4	2
	Renewable energy related expenses (Previous Year : ₹ 14,895/-)	1	-
	Sub Total	133	131
B.	**Other expenses**		
	Security expenses	315	265
	Repairs and maintenance :		
	- Property	115	25
	- Other assets	31	7
	Garden and site maintenance	72	52
	Rent expense	-	4
	Rates and taxes	45	223
	Legal and professional fees	193	190
	Commission to directors	40	33
	Director sitting fees	36	30
	Printing and stationery expenses	17	8
	Postage and courier charges	4	7
	Advertisement and publicity	6	11
	Electricity charges	15	9
	Travelling expenses	35	6
	Insurance charges	31	22
	Membership subscription	9	9
	Bad debt written off	2	-
	Miscellaneous expenses	41	52
	Payment to auditors :		
	(a) for audit	10	9
	(b) for taxation matters	1	1
	(c) for other services	-	-
	Total	1,151	1,094

* Includes ₹ 38 lakhs (Previous Year : ₹ 48 lakhs) towards one time repairs and overhaul of Windmills.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 36 :
INCOME TAXES

		Year ended 31 March 2020	Year ended 31 March 2019
(i)	**The major components of income tax expense are:**		
(a)	Statement of Profit and Loss section		
	Current income tax charge	**505**	578
	Deferred tax	**42**	151
	Income tax expense reported in the Statement of Profit and Loss	**547**	729
(b)	Statement of Other Comprehensive Income (OCI)		
	Deferred tax (expense) / income on remeasurements of defined benefit plan	**(7)**	(2)
	Income tax charged to OCI	**(7)**	(2)
(ii)	**Reconciliation of tax expense and the accounting profit**		
	Accounting profit for the Company before income tax	**6,492**	5,680
	Enacted tax rates in India	**25.17%**	29.12%
	Computed tax expense	**1,634**	1,654
	Add / (Less) Net Adjustment on account of:		
	Income from Dividend on equity shares exempt from tax	**(1,217)**	(1,092)
	Disallowances under Income Tax Act, 1961	**144**	223
	Other adjustments	**(14)**	(56)
	Total	**(1,087)**	(925)
	Income tax expense	**547**	729
	Effective tax rate	**8.42%**	12.83%

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Balance Sheet		Statement of Profit and Loss	
		As at 31 March 2020	As at 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
(iii)	**Deferred tax relates to the following:**				
	Deferred tax assets				
	Provision for Employee Benefits	**65**	38	**27**	9
	Provision for expected credit loss	**10**	12	**(2)**	(23)
	Provision for dismantling obligation	**48**	52	**(4)**	17
	MAT credit entitlement	**50**	66	**(16)**	(41)
	Other temporary difference	**-**	-	**-**	(4)
	Gross deferred tax assets	**173**	168	**5**	(42)
	Deferred tax liabilities				
	Property, plant and equipment	**139**	159	**(20)**	7
	Fair valuation of financial instruments	**195**	138	**57**	100
	Other temporary difference	**5**	2	**3**	-
	Gross deferred tax liabilities	**339**	299	**40**	107
	Deferred tax (assets) / Liabilities (net)	**166**	131	**35**	149
	Amount recognised in Statement of Profit and Loss			**42**	151
	Amount recognised in Statement of Other Comprehensive Income			**(7)**	(2)

		As at 31 March 2020	As at 31 March 2019
(iv)	**Movement in current tax asset / current tax liabilities (net)**		
	Balance at the beginning of the year (Current tax asset (net)	**1,124**	1,059
	Provision recognised during the year	**(505)**	(578)
	Current tax paid for the year	**696**	643
	Balance at the end of the year	**1,315**	1,124
	Current tax assets	**9,296**	8,601
	Current tax liabilities	**7,981**	7,476
	Total (Net)	**1,315**	1,124

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 37 :
EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by adjusting profit or loss attributable to ordinary equity holders of the entity, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
Net profit after tax attributable to equity shareholders of the Company	(A)	**5,945**	4,951
Weighted average number of equity shares in calculating basic EPS	(B)	**97,08,650**	97,08,650
Effect of dilution:			
Stock options granted under ESOP		**-**	16,503
Total number of diluted equity shares at the end of the year*	(C)	**97,08,650**	97,25,153
Basic earnings per share of face value of 10 each (₹)	(A/B)	**61.23**	50.99
Diluted earnings per share of face value of 10 each (₹)	(A/C)	**61.23**	50.91

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these Financial Statements.

NOTE 38 :
EMPLOYEE BENEFITS EXPENSE

(a) Defined contribution plans :

The Company has contributed ₹ 78 lakhs (Previous Year: ₹ 61 lakhs) towards Defined Contribution Plans, i.e., Provident Fund and Superannuation scheme.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
- Amount recognised in the Statement of Profit and Loss towards Contribution to employees Provident Fund and Superannuation Fund	**28**	23
- Amount considered under 'Real Estate Project under Development' - other non financial assets.	**50**	38
Total	**78**	61

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

(b) Defined benefit plans :

Gratuity : The Company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. Where service is in excess of 15 years, full month's basic salary is considered for the calculation of gratuity.

Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 : Employee Benefits

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Amount recognised in Statement of Profit and Loss under employee benefit expenses		
Current / Past service cost	73	7
Interest expenditure on defined benefit liability	6	4
Total	79	11
Amount recognised in Statement of Other Comprehensive Income		
Remeasurements of defined benefit plan (gain / (loss))	(29)	(9)

Reconciliation of liability

Particulars	Present value of Obligation	
	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning of the year	84	58
Current / Past service cost	73	7
(Gains) and losses on curtailment and settlement	-	-
Net interest (income) / expense	6	4
Total amount recognised in Statement of Profit and Loss	79	11
Remeasurement during the period due to:		
Return on plan assets excluding amounts included in interest income	-	-
Change in financial assumptions	29	9
Change in experience adjustments	-	-
Total amount recognised in Other Comprehensive Income	29	9
Employers Contributions	-	-
Benefit payments	(2)	6
Balance at the end of the year	190	84

(Amounts in Indian Rupees lakhs, unless otherwise stated)

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Present value of obligations	**190**	84
Fair value of plan assets	**NA**	NA
Deficit / Surplus of plans	**(190)**	(84)
Deficit of Gratuity plan	**(190)**	(84)

The principal assumptions used in determining gratuity obligations for the Company are shown below:

Particulars	As at 31 March 2020	As at 31 March 2019
a. Discount Rate	**6.50%**	7.40%
b. Rate of increase in compensation cost	**10.00%**	10.00%
c. Expected average remaining working lives of employees (years)*	**6.73**	7.06
d. Withdrawal rate of Attrition	**10.00%**	1% to 10%

* It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A quantitative sensitivity analysis for significant assumption as at 31 March 2020 and 31 March 2019 is shown below:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation.

Particulars	Sensitivity level	Increase / (decrease) in defined benefit obligation (impact)	
		31 March 2020	31 March 2019
Discount rate			
Decrease by	1%	**6**	4
Increase by	1%	**(6)**	(4)
Future salary increase			
Decrease by	1%	**(5)**	(3)
Increase by	1%	**5**	3
Withdrawal rate			
Decrease by	1%	**-**	-
Increase by	1%	**-**	-

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects the other variables. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The followings are the expected future benefit payments for the defined benefit plan:

Particulars	As at 31 March 2020	As at 31 March 2019
Within the next 12 months (next annual reporting period)	13	2
Between 2 and 5 years	151	88
Beyond 5 years	10	6
Total expected payments	174	96

Weighted average duration of defined benefit plan obligation (based on discounted cash flows):

Particulars	31 March 2020	31 March 2019
Weighted average duration of defined benefit plan obligation (years)	8.58	7.93

Risk exposure

Through its defined benefit plans, the entity is exposed to a number of risks, the most significant of which are detailed below:

(A) Changes in bond yields

A decrease in bond yields will increase plan liabilities.

(B) Legislative Risk

The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

(C) Liability Risks

(i) Asset-Liability Mismatch Risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralise valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

(ii) **Discount Rate Risk**

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

(iii) **Future Salary Escalation and Inflation Risk**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainities in estimating this increasing risk.

(iv) **Unfunded Plan Risk**

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in Company's financials and also benefit risk through return on the funds made available for the plan.

NOTE 39 :
CONTINGENT LIABILITIES

Particulars	As at 31 March 2020	As at 31 March 2019
a. Disputed demands		
- Service tax	3	3
- Income tax	1,187	1,880
[out of this ₹ 1,065 lakhs (Previous year ₹ 1,082 lakhs) paid under protest]		
b. Conveyance Deed Charges in respect of property	22	22

NOTE 40 :
CAPITAL COMMITMENTS

Particulars	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	12	-
Total	12	-

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

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NOTE 41 :
PROVISIONS

The disclosure required by Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, is as follows:

Provision for decommissioning and Restoration*	As at 31 March 2020	As at 31 March 2019
Opening balance of provision	**177**	163
Provisions for the year	**15**	14
Amounts used during the year	**-**	-
Closing balance of provision	**192**	177

* Nature of Obligation: Provision for possible obligation towards outflow related to decommissioning and restoration of windmills.

Expected timing of resulting outflow: Substantial costs will be incurred at the end of useful life of windmills.

NOTE 42 :
REVENUE FROM CONTRACTS WITH CUSTOMERS

Disclosure pursuant to Indian Accounting Standard (Ind AS) 115 : Revenue from contracts with customers

A. Revenue streams

The Company generates revenue primarily from wind power generation.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from contracts with customers	**351**	299
Total	**351**	299

B. Disaggregation of revenue from contracts with customers

The entire revenue from contracts with customers is recognised at point in time and pertain to one line of business, i.e., wind power generation.

The information relating to trade receivables from revenue from operations is disclosed in Note No. 8 and 10.

C. Contract assets reconciliation

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening Contract Assets	**53**	412
Revenue recognised during the year	**351**	299
Revenue realised during the year	**321**	658
Closing Contract assets	**83**	53

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 43 :
RELATED PARTY TRANSACTIONS

Related parties, as defined under Clause 3 of Ind AS 24 "Related Party Disclosures", have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board of Directors. Disclosures of transactions with Related Parties are as under:

(A) List of related parties as per the requirements of Ind AS 24 - Related party disclosures

(i) Subsidiary:

Kirloskar Ferrous Industries Limited

(ii) Key management personnel :

Name of Key Management Personnel	Designation	Transactions with Relatives of Key Management Personnel and relationship
Mahesh Chhabria	Managing Director	None
Aditi Chirmule	Executive Director	None
Umesh Shastry (from 17 May 2019)	Chief Financial Officer	None
Ashwini Mali	Company Secretary	None
Jasvandi Deosthale (upto 16 May 2019)	Chief Financial Officer	None

(B) Summary of transactions with related parties

Nature of transaction	Year	Subsidiary	Key Management Personnel
Compensation paid to Key Management Personnel*	**2019-2020**	**--**	**638**
	2018-2019	--	394
Reimbursement of expenses received	**2019-2020**	**1**	**--**
	2018-2019	--	--
Dividend received	**2019-2020**	**2,119**	**--**
	2018-2019	1,589	--
Dividend paid	**2019-2020**	**--**	**7**
	2018-2019	--	4
Licensing fees received	**2019-2020**	**6**	**--**
	2018-2019	6	--
Outstanding as at 31 March			
Payable	**2020**	**3**	**130**
	2019	3	130
Receivable	**2020**	**--**	**11**
	2019	--	--
Investments	**2020**	**17,526**	**--**
	2019	17,526	--

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* Compensation paid to Key Management Personnel

Particulars	2020	2019
Short-term employee benefits (compensation)	**519**	365
Post - employment gratuity benefits	**101**	21
Other long-term employment benefits	**18**	8
Total	**638**	394

NOTE 44 :
STOCK OPTION SCHEME

1 Employee Stock Option Plan 2017

The Company had introduced employee stock option plan. This employee equity-settled compensation plan was known as 'Kirloskar Industries Limited - Employee Stock Option Plan 2017' (the "Plan"). The Plan was approved and authorised by the Nomination and Remuneration Committee at its meeting held on 1 November 2017. This Plan was modified on 11 August 2018.

The options were granted on 1 November 2017 and thereafter on 25 October 2018 as per the plan.

Under the said Plan, the Nomination and Remuneration Committee of the Board of Directors had granted 2,26,862 options as on 1 November 2017 and 1,06,000 options on 25 October 2018 to eligible employees of KIL.

The vesting period was minimum one year from the date of grant which was supposed to vest in the following manner:

Terms	Explanation
Granted on 1 November 2017 Vesting period / schedule	A. 95,000 options were to vest at the end of the year from the date of options granted.
	B. 1,31,862 options were to vest as 1/3rd options every year.
Granted on 25 October 2018 Vesting period	106,000 options were to vest at the end of the year from the date of options granted.

The options vested were to be exercised within three years from the vesting date (as modified on 11 August 2018). When exercisable, each option was convertible into one equity share. Any option granted was to be exercisable according to the terms and conditions as determined by the Plan.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

The details of share options granted under the Plan are as under:

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	Weighted average exercise price per share per option (₹)	Number of options	Weighted average exercise price per share per option (₹)	Number of options
Outstanding at the beginning of the year	**900**	**3,20,730**	900	2,22,818
Granted during the year	-	-	900	1,06,000
Exercised during the year	-	-	-	-
Forfeited during the year	**900**	**(38,832)**	900	(8,088)
Expired during the year	-	-	-	-
Options surrendered and cancelled during the year *	**900**	**(2,81,898)**		
Outstanding at the end of the year	-	-	900	3,20,730
Exercisable at the end of the year	-	-	900	1,34,910
Weighted average share price (₹) $	-	-	Not applicable	Not applicable
Weighted average remaining contractual life of options outstanding at the end of the year	-	-		2.10

$ Weighted average share price disclosure is not applicable since no share options were exercised during the year.

* All options are voluntarily surrendered by employees and same have been cancelled on 30 January 2020

2 Equity Settled Stock Appreciation Rights Plan 2019 (KIL ESARP 2019)

The Company had passed Special Resolution through Postal Ballot and approved - 'Kirloskar Industried Limited - Employees Stock Aprreciation Right plan 2019' ('KIL ESAR 2019') on 29 December 2019 and authorised the Board to create, offer and grant from time to time, in one or more tranches, to employees of the Company and its subsidiary company 4,85,000 equity shares of ₹ 10 each fully paid up. During the year the Company had granted an aggregate of 4,70,898 ESARs exercisable into not more than 4,85,000 equity shares of the Company face value of ₹ 10 each fully paid up.

In terms of the KIL ESAR Plan 2019, the vested ESARs upon exercise shall be settled by way of allotment of equity shares. The number of equity shares allotted would be the product of the number of ESARs exercised and the proportion of appreciation in each ESAR as compared to the market price on the date of exercise. The appreciation would be the excess of market price of the equity share over the ESAR Price in terms of the KIL ESAR 2019. No shares shall be allotted in case there is no appreciation in the price of the shares. Upon the exercise of the options, the amount equivalent to the face value of the shares allotted would be payable by the employees to the company.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

For options granted under KIL ESOP Plan, the cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised as employee benefits expenses together with a corresponding increase in Stock Options Outstanding reserves in equity, over the period in which the vesting conditions are fulfilled by the employees. Consequent to modification in KIL ESOP Plan with KIL ESARP 19, for unvested options of KIL ESOP 2017, the Company has recognised incremental fair value of ESAR which shall be amortised over the vesting period as per KIL ESAR 2019 in addition to fair value of original options which will be amortised over the remaining vesting period of original options, in compliance with 'IND AS 102: Share Based Payment'. For options already vested, incremental fair value shall be recognised over the vesting period of KIL ESAR 2019. Further, fair value of new ESARs granted shall be recognised over the vesting period of ESAR 2019.

The details of ESARs granted under KIL ESARP 2019 are as under:

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	Weighted average exercise price per share per option (₹)	Number of options	Weighted average exercise price per share per option (₹)	Number of options
Outstanding at the beginning of the year	-	-	-	-
ESOP cancelled and ESAR granted during the year	500	2,81,898	-	-
Granted during the year	500	1,89,000	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	500	4,70,898	-	-
Exercisable at the end of the year			-	-
Weighted average share price (₹) $	Not applicable	Not applicable	-	-
Weighted average remaining contractual life of options outstanding at the end of the year	-	6.62	-	-

$ Weighted average share price disclosure is not applicable since share options are not exercised during the year.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

3 Fair value of the options granted:

The Company has recorded employee stock-based compensation expense relating to the options granted to the employees on the basis of fair value of options.

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

i Fair value and assumptions for the equity-settled grant made on 1 November 2017:

Grant ESOP 2017 Grant Date: 1 November 2017 Exercise price - ₹ 900	Vesting dates		
	01-Nov-2018	01-Nov-2019	01-Nov-2020
Fair value of option	668	706	749
Input variables :			
Share price as on grant date	1,500	1,500	1,500
Standard deviation (Volatility)	43.46%	41.57%	43.21%
Risk-free rate	6.45%	6.52%	6.58%
Time to maturity	1.5	2.5	3.5
Dividend yield	2.52%	2.52%	2.52%

ii Fair value and assumptions for the equity-settled grant made on 25 October 2018:

Grant ESOP 2017 Grant Date: 25 October 2018 Exercise price - ₹ 900	Vesting dates 25-Oct-2019
Fair value of option	213
Input variables :	
Share price as on grant date	916
Standard deviation (Volatility)	31.07%
Risk-free rate	7.47%
Time to maturity	2.5
Dividend yield	2.86%

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iii Modification of ESOPs granted on 1 November 2017 under KIL ESOP Plan 2017 :

The Company modified the Employee Stock Option Plan-2017 (ESOP-2017) as at 11 August 2018. The exercise period of the options was modified to 3 years (original 1 year) from the vesting date.

The incremental fair values and assumptions used for computation of such incremental fair values are as under:

Grant: ESOP 2017 Exercise period – 3 years (Revised terms)	**Grant date: 01 November 2017 Modification date: 11 August 2018 Fair valuation date: 11 August 2018**		
Vesting dates	**01-Nov-2018**	**01-Nov-2019**	**01-Nov-2020**
Input variables			
Stock Price per share (₹)	1100	1100	1100
Standard Deviation (Volatility)	44.93%	41.76%	38.42%
Risk-free Rate	7.54%	7.61%	7.74%
Exercise Price (₹)	900	900	900
Time to Maturity (in years)	2.00	3.00	4.00
Dividend yield	2.52%	2.52%	2.52%
Fair value of option (₹) (A)	**387**	**424**	**447**

Grant: ESOP 2017 Exercise period – 1 year (Original terms)	**Grant date: 01 November 2017 Modification date: 11 August 2018 Fair valuation date: 10 August 2018**		
Vesting dates	**01-Nov-2018**	**01-Nov-2019**	**01-Nov-2020**
Input variables			
Stock Price per share (₹)	1107	1107	1107
Standard Deviation (Volatility)	39.21%	44.93%	41.76%
Risk-free Rate	7.22%	7.54%	7.61%
Exercise Price (₹)	900	900	900
Time to Maturity (in years)	1	2	3
Dividend yield	2.52%	2.52%	2.52%
Fair value of option (₹) (B)	**300**	**392**	**429**
Incremental fair value as at modification date (A) – (B)	**87**	**32**	**17**

(Amounts in Indian Rupees lakhs, unless otherwise stated)

iv Modification of KIL ESOP Plan 2017 and Implementation of KIL ESARP 2019 :

The Company further modified the Employee Stock Option Plan-2017 (ESOP-2017) as at 30 January 2019 to KIL ESARP 2019.

The incremental fair values and assumptions used for computation of such incremental fair values; and fair value of additional ESARs granted under KIL ESARP 2019 :

Grant: ESOP 2017 Exercise period – 3 years (Revised terms)	Original Grant date: 01 November 2017, 25 October 2018 And 30 Jaunary 2020 Modification Grant: 30 Jaunary 2020		
Vesting dates	**01-Nov-2018**	**01-Nov-2019**	**01-Nov-2020**
Input variables			
Market Price (₹)	666	666	666
Expected Life (In Years)	3.50	4.50	5.50
Volatility (%)	37.17%	37.01%	39.21%
Risk Free Rate (%)	5.98%	6.23%	6.42%
Exercise Price (₹)	500	500	500
Dividend yield (%)	3.15%	3.15%	3.15%
Fair value of option (₹) (A)	**251**	**266**	**285**

Premodification fair value for ESOPs granted on 1 November 2017

Grant: ESOP 2017 Exercise period – 3 years (Revised terms)	Original Grant date: 01 November 2017 Modified Grant date: 30 January 2020		
Vesting dates	**01-Nov-2018**	**01-Nov-2019**	**01-Nov-2020**
Input variables			
Market Price (₹)	645	645	645
Expected Life (In Years)	0.88	1.38	2.26
Volatility (%)	30.08%	30.66%	30.00%
Risk Free Rate (%)	5.29%	5.47%	5.82%
Exercise Price (₹)	900	900	900
Dividend yield (%)	3.25%	3.25%	3.25%
Fair value of option (₹) (B)	**14**	**29**	**51**

Incremental fair value of ESOPs granted on 1 November 2017 after modification on 30 January 2020 (A) – (B)	**237**	**237**	**234**

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Premodification fair value for ESOPs granted on 25 October 2018

Grant: ESOP 2017 Exercise period – 3 years (Revised terms)	**Original Grant date: 25 October 2018 Modified Grant date: 30 January 2020**		
Vesting dates	**25-Oct-2019**	**25-Oct-2019**	**25-Oct-2019**
Input variables			
Market Price (₹)	645	645	645
Expected Life (In Years)	1.37	1.37	1.37
Volatility (%)	28.97%	28.97%	28.97%
Risk Free Rate (%)	5.47%	5.47%	5.47%
Exercise Price (₹)	900	900	900
Dividend yield (%)	3.25%	3.25%	3.25%
Fair value of option (₹) (C)	**25**	**25**	**25**

Incremental fair value of ESOPs granted on 25 October 2018 after modification on 30 January 2020 (A) – (C)	**226**	**241**	**260**

V **Rationale for the variables used :**

The variables used for calculating the fair values and their rationale are as follows:

a. **Stock Price**

The closing market price on the National Stock Exchange (NSE) on the date of grant has been considered for the purpose of valuation

b. **Volatility**

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes-Merton option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volaitility of stock prices on NSE, over a period prior to the grant date, corresponding with the expected life of the options has been considered.

The period to be considered for volatility has be adequate to represent a consistent trend in the price movements. It is also important that movements due to abnormal events get evened out. The period considered for the working is commensurate with the expected life of the option.

The fair value of an option is very sensitive to this variable. Higher the volatility, higher is the fair value. The rationale being, the more volatile a stock is, the more is its potential to go up (or come down), and the more is the probability to gain from the movement in the price. Accordingly, an option to buy a highly volatile stock is more valuable than the one to buy a less volatile stock, for the probability of gaining is lesser in the latter case.

c. **Risk free interest rate**

The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options based on the zero-coupon yield curve for government securities.

d. **Exercise price**

Exercise price of each specific grant has been considered.

e. **Time to maturity / expected life of options**

The Company has estimated the expected life of the options on the basis of average of minimum and maximum life of the options. Historical data is not considered in expected life calculations.

f. **According to Ind AS 102, the expected life of an award of stock options shall take into account the following factors**

The expected life of an award of stock options considers the following factors:

a) The expected life must at least include the vesting period.

b) The average lengths of time of similar grants have remained outstanding in the past. If the Company does not have sufficiently long history of stock option grants, the experience of an appropriately comparable peer group has been taken into consideration.

c) The expected life of stock options should not be less than half of the exercise period of the stock options issued until and unless the same is supported by historical evidences with respect to stock options issued by the Company earlier.

The fair value of each award has been determined based on different expected lives of the options that vest each year, as if the award were several separate awards, each with a different vesting date.

The time to maturity has been estimated as illustrated by the following example. In case of the options granted on 1 April 2017, the earliest date of exercise for the first vesting is one year from the date of grant that is 1 April 2018. Hence, the minimum life of the option is 1 year. The exercise period is three years from the date of vesting as per the ESOP plan; hence the maximum life is 4 years. The expected life is the average of minimum and maximum life, i.e. 2.5 years [(1 + 4) /2]. The time to maturity for the remaining vests has been calculated in a similar manner.

g. **Expected dividend yield**

The dividend yield for each year has been derived by dividing the dividend per share for that year by the average market price per share of the respective period. The expected dividend yield of the Company over the life of the option is estimated considering the Company’s past dividend policy.

Employee-benefit expenses recognised in the Standalone Financial Statements

The Company has recorded employee stock-based compensation of ₹ 256 lakhs (Previous Year: ₹ 986 lakhs) out of which ₹ 96 lakhs (Previous Year: ₹ 368 lakhs) has been recognised in the statement of profit and loss and ₹ 160 lakhs (Previous Year: ₹ 618 lakhs) has been capitalised in the project cost relating to the options granted to the employees of the Company for the year ended 31 March 2020.

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NOTE 45 :
LEASES
The Company has adopted 'Ind AS 116' Leases With effect From 1 April 2019, in respect of premises taken on lease.

(a) **Right of Use of Assets**

	As at 31 March 2020
Opening balance at the beginning of the year	-
Add : addition during the year	**201**
Less : reduction due to termination of lease agreement during the year	**(77)**
Less : amortisation for the year	**(7)**
Closing balance at the end of the year	**117**

(b) **Maturity analysis of leases**

	As at 31 March 2020
Cash Payment of Lease Liability	
Not later than one year	37
Later than one year but not later than five years	121
Later than 5 years	-
Total	**158**

NOTE 46 :
FAIR VALUE MEASUREMENTS

Set out below is a comparison, by class, of the carrying amounts and the fair value of the Company's financial instruments as of 31 March 2020

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	3,143	-	-	3,143	3,143
Bank balances other than above	91	-	-	91	91
Receivables					
- Trade receivables	-	-	-	-	-
Investments	-	5,199	48,840	54,039	54,039
Other financial assets	97	-	-	97	97
Total	**3,331**	**5,199**	**48,840**	**57,370**	**57,370**
Financial liabilities					
Trade payables	-	-	-	-	-
Deposits	1,206	-	-	1,206	1,206
Other financial liabilities	731	-	-	731	731
Total	**1,937**	**-**	**-**	**1,937**	**1,937**

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Set out below is a comparison, by class, of the carrying amounts and the fair value of the Company's financial instruments as of 31 March 2019

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	197	-	-	197	197
Bank balances other than above	2,054	-	-	2,054	2,054
Receivables					
- Trade receivables	14	-	-	14	14
Investments	-	4,896	88,439	93,335	93,335
Other financial assets	61	-	-	61	61
Total	**2,326**	**4,896**	**88,439**	**95,661**	**95,661**
Financial liabilities					
Trade payables	-	-	-	-	-
Deposits	1,113	-	-	1,113	1,113
Other financial liabilities	449	-	-	449	449
Total	**1,562**	**-**	**-**	**1,562**	**1,562**

The following methods and assumptions were used to estimate the fair values / amortised cost as applicable :

i) The fair values of equity instruments and mutual funds are measured using Level 1 hierarchy. There have been no transfers among Level 1, Level 2 and Level 3 during the year.

ii) The management assessed that the fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables, deposits and other financial assets and liabilities approximate their carrying amounts.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(iii) The fair value of the quoted equity shares and mutual fund are based on the price quotations at reporting date.

(iv) The fair value of unquoted instruments - The Company has not performed the fair valuation of its investments in unquoted secured non convertible debentures which are disclosed at amortised cost (Refer Note No. 9), since the same are fully impaired.

(v) The fair value of other financial liabilities as well as other financial assets is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 47 :
FINANCIAL RISK MANAGEMENT

The Company's activities exposes it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through risk mitigation actions on a continuing basis.

(A) Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

The Company does not have any foreign currency obligation nor does it have any borrowings. Accordingly, the Company does not perceive any foreign currency risk or interest rate risk.

(B) Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of the Company's investments measured at fair value through other comprehensive income and fair value through profit and loss exposes the Company to equity price risks. These investments are subject to changes in the market price of securities.

The fair value of Company's investment as at 31 March 2020 in quoted / unquoted equity securities was ₹ 48,840 lakhs and mutual funds was ₹ 5,199 lakhs (Previous Year : ₹ 88,439 lakhs quoted equity shares and ₹ 4,896 lakhs in mutual funds). The impact of change in equity price risk is as under:

	31 March 2020		31 March 2019	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Impact on Statement of Profit and Loss				
Mutual funds	**520**	**(520)**	490	(490)
Impact on Statement of Comprehensive Income				
Equity shares	**4,882**	**(4,882)**	8,844	(8,844)

(Amounts in Indian Rupees lakhs, unless otherwise stated)

(C) Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables).

I. Trade receivables

Credit risk is the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly. The credit period offered to customers is 30 days from the date of invoice.

Ageing analysis of trade receivables / Unbilled receivables :

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Not yet due to due upto 1 year	**44**	14
Overdue 1 year to 2 years	**-**	-
Overdue 2 year to 3 years	**-**	55
Overdue 3 year to 4 years	**39**	-
	83	69
Provision for expected credit loss	**39**	41
Net amount	**44**	28

Movement of provision for expected credit loss:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening provision for expected credit loss	**41**	121
Change during the year (Net)	**(2)**	(80)
Closing provision for expected credit loss	**39**	41

Credit risk on cash and cash equivalents and other bank balances is insignificant as the Company generally invests in bank deposits and liquid mutual funds with high credit ratings.

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

(D) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The flexibility in funding requirements is met by ensuring availability of adequate inflows.

The Company had no outstanding bank borrowings as of 31 March 2020 and 31 March 2019. The working capital of the Company is positive as at each reporting date.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	On demand	Upto 1 year	More than 1 year upto 3 years	More than 3 years
As at 31 March 2020				
Trade payables	-	-	-	-
Deposits*	7	54	1,316	-
Other financial liabilities	91	531	-	-
As at 31 March 2019	**98**	**585**	**1,316**	**-**
Trade payables	-	-	-	-
Deposits*	-	78	1,313	-
Other financial liabilities	74	375	-	-
As at 31 March 2018	**74**	**453**	**1,313**	**-**

* The discounted value of deposits as per Balance Sheet as at 31 March 2020 is ₹ 1,206 lakhs out of which are repayable on demand ₹ 7 lakhs; upto 1 year is ₹ 54 lakhs; repayable after more than 1 year ₹ 1,145 lakhs; (Previous Year: ₹ 1,113 lakhs out of which repayable upto 1 year is ₹ 78 lakhs; repayable after more than 1 year ₹ 1,035 lakhs).

NOTE 48 :
CAPITAL MANAGEMENT

The Company's objectives when managing capital are to :

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company's capital structure completely comprises of equity component. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, etc.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 49 :
DIVIDEND

The Board of Directors have declared an interim dividend of 100% (₹ 10 per share) for the year ended 31 March 2020. At the Board Meeting held on 22 June 2020, no additional dividend was proposed and the payment of interim dividend shall be considered as final dividend for the Financial Year 2019-2020 (Previous year Final Dividend 210%, i.e., ₹ 21 per equity share of ₹ 10 each).

NOTE 50 :

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

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

Ashwini Mali
Company Secretary
ACS 19944

Umesh Shastry
Chief Financial Officer
ACA 043136
Pune: 22 June 2020

Form AOC-1

STATEMENT PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT, 2013, RELATING TO SUBSIDIARY COMPANIES :

Part "A" : Subsidiaries (₹ in lakhs)

1	Name of the Subsidiaries	Kirloskar Ferrous Industries Limited
2	The date since when subsidiary was acquired	May 31, 2013
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting Period	N.A
4	Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A
5	Share Capital	6,891
6	Reserves and Surplus	65,307
7	Total Assets	1,61,820
8	Total Liabilities	89,622
9	Investments	50
10	Turnover	1,84,966
11	Profit Before taxation	15,618
12	Provision for Taxation	4,381
13	Profit after taxation	11,237
14	Proposed Dividend	-
15	% of Shareholding	51.26%
16	Names of subsidiaries which are yet to commence operations	-
17	Names of subsidiaries which have been liquidated or sold during the year	-

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

Ashwini Mali
Company Secretary
ACS 19944

Umesh Shastry
Chief Financial Officer
ACA 043136
Pune: 22 June 2020

STATEMENT PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129
OF THE COMPANIES ACT, 2013, RELATING TO ASSOCIATES AND JOINT VENTURES :

Part "B" : Associates and Joint Ventures

1	Name Of Associates	Not Applicable
2	Latest audited Balance Sheet Date	
3	Date on which the Associate was associated or acquired	
4	Shares of Associate held by the company on the year end	
5	Amount of Investment in Associates (₹ in lakhs)	
6	Extent of holding (in percentage)	
7	Description of how there is significant influence	
8	Reason why the Associate / Joint Venture is not consolidated	
9	Net worth attributable to shareholding as per latest audited Balance Sheet	
10	Profit or Loss for the year	
	Considered in Consolidation	
	Not Considered in Consolidation	
11	Names of Associates which are yet to commence operations	
12	Names of Associates which have been liquidated or sold during the year	

Note :

For the Financial Year ending 31 March 2020, the Company has no Joint Venture and Associate.

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

Ashwini Mali
Company Secretary
ACS 19944

Umesh Shastry
Chief Financial Officer
ACA 043136
Pune: 22 June 2020

CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Kirloskar Industries Limited

Report on the Audit of Consolidated Financial Statements

1. Opinion

We have audited the accompanying Consolidated Financial Statements of Kirloskar Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiary Kirloskar Ferrous Industries Limited (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated total comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

3. Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We did not audit the Financial Statements of the subsidiary, Kirloskar Ferrous Industries Limited as at and for the year ended on March 31, 2020, as considered in the Consolidated Financial Statements. These Financial Statements have been audited by other auditor whose report has been furnished to us by the Management and our identification and reporting, if any, of the Key Audit Matters, in so far as it relates to the subsidiary, is based solely on the report of the other auditor.

The matters described below have been determined to be the Key Audit Matters for the Group:

Sr. No.	Particulars	Auditor's Response
1	**Contingent liability** The Group is involved in direct and indirect tax litigations amounting to ₹ 2,530 lakhs, included in the contingent liabilities that are pending with various tax authorities. Whether a liability is recognised or disclosed as a contingent liability in the Financial Statements is inherently judgemental and dependent on assumptions and assessments. We placed specific focus on the judgements in respect to these demands against the Group. Determining the amount, if any, to be recognised or disclosed in the Financial Statements is inherently subjective. Therefore these litigations amount is considered to be a key audit matter.	Our procedures included, but were not limited to, the following: · Obtained an understanding from the management with respect to process and controls followed by the Group for identification and monitoring of significant developments in relation to the litigations including completeness thereof. · Obtained list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. · Assessed management's discussions held with their legal consultants and understanding precedents in similar cases. · Obtained and evaluated the confirmations from the consultants representing the Group before the various authorities and our own dedicated teams of direct tax and indirect tax. Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the Financial Statements. · The aforesaid audit procedures did not reveal any matters that could affect our opinion.

Sr. No.	Particulars	Auditor's Response
2	**Property, plant and equipment** Property, plant and equipment represents a significant proportion of the Group's asset base. Valuation and existence of property, plant and equipment including assessment of useful lives and residual values of is a significant exercise. The estimates and assumptions made to determine the carrying amounts, including whether and when to capitalise or expense certain costs, and the determination of depreciation is material to the Group's financial position and performance. The charges in respect of periodic depreciation are derived after estimating an asset's expected useful life and the expected residual value. Changes to asset's carrying amounts, expected useful lives or residual value could result in a material impact on the Financial Statements and hence considered as key audit matter.	Our Audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness of the internal controls over valuation of property, plant and equipment and review of useful lives; periodic physical verification of property, plant and equipment for adequacy and appropriateness of the accounting and disclosure by the Management: · Review of process for capital expenditure and related internal controls. · Substantive Tests on random sampling for the major additions and deletions to the assets by applying all the characteristics of capital expenditure, classification of the same with reference to the Group's policy and accounting standards. · We performed substantive testing for the determination of assets' useful lives and residual values with reference to management's judgements, including the appropriateness of past / existing asset lives and residual values applied in the calculation of depreciation. We also obtained management representations relating to useful lives of assets, where required. · We have reviewed the policy and procedure of physical verification of property, plant and equipment. · After carrying out above audit procedures, we did not identify any exceptions in relation to the valuation and existence of property, plant and equipment including assessment of useful lives and residual values which may affect our opinion.

4. Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for preparation of the other information. The other information comprises the information included in the Report of the Board of Directors and the Report on the Corporate Governance but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the respective company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of those Companies.

6. **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary which are companies incorporated in India, have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the Consolidated Financial Statements.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Other Matters

We did not audit the Financial Statements of the subsidiary, Kirloskar Ferrous Industries Limited whose Financial Statements reflect total assets of ₹ 1,61,817 lakhs as at March 31, 2020, total revenues of ₹ 1,86,521 lakhs and net cash inflows amounting to ₹ 600 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These Financial Statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of Sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditor.

8. **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the report of the other auditor.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015.

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020, taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary, none of the directors of the Group companies is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A" to this report.

g. As per the information and explanations given to us, we report that, the managerial remuneration has been paid and provided in accordance with Section 197 of the Act and recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company.

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

    i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 45(a) to the Consolidated Financial Statements.

    ii. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2020.

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India during the year ended March 31, 2020.

For G. D. Apte & Co
Chartered Accountants
Firm Registration Number: 100 515W
UDIN: 20113053AAAABY2564

Sd/-
Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KIRLOSKAR INDUSTRIES LIMITED

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

We have audited the internal financial controls over financial reporting of Kirloskar Industries Limited (hereinafter referred to as "Holding Company") as of March 31, 2020, in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements of the Holding Company and its subsidiary, which are companies incorporated in India, 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 as specified under Section 143(10) of the Companies Act, 2013, (the Act), to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 judgement, 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 and the audit evidence obtained by the other auditor in terms of the reports referred to in the Other Matters paragraph above, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting with reference to Consolidated Financial Statements

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 with reference to Consolidated Financial Statements

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 and to the best of our information and according to the explanations given to us and based on consideration of reporting of other auditor as mentioned in Other Matter Paragraph, the Holding Company and its subsidiary which are companies incorporated in India, have maintained 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 March 31, 2020, based on the internal control over financial reporting criteria established by respective companies considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to Financial Statements in so far as it relates to the subsidiary which is a Company incorporated in India, is based solely on the corresponding report of the auditor of the subsidiary incorporated in India.

Our opinion is not modified in respect of the above matter.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 20113053AAAABY2564

Sd/-
Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Note No.	As at 31 March 2020	As at 31 March 2019
	ASSETS			
1	**Financial Assets**			
(a)	Cash and cash equivalents	6	**3,839**	299
(b)	Bank balances other than (a) above	7	**583**	2,491
(c)	Derivative financial instruments	8	**270**	-
(d)	Receivables	9		
	- Trade receivables		**29,259**	38,036
(e)	Investments	10	**54,089**	93,336
(f)	Other financial assets	11	**1,241**	1,012
			89,281	1,35,174
2	**Non-Financial Assets**	12	**23,644**	24,627
(a)	Inventories	13	**3,380**	2,465
(b)	Current tax assets (Net)	14	**1,902**	1,981
(c)	Investment property	15	**86,990**	62,655
(d)	Property, plant and equipment	16	**13,781**	5,673
(e)	Capital work-in-progress	15	**772**	338
(f)	Intangible assets	17	**666**	542
(g)	Intangible assets under development	18	**10,448**	10,693
(h)	Other non-financial assets		**1,41,583**	1,08,974
	TOTAL ASSETS		**2,30,864**	2,44,148
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	**Financial Liabilities**			
(a)	Derivative financial instruments	19	**-**	456
(b)	Trade payables	20		
	(i) total outstanding dues of micro enterprises and small enterprises		**1,462**	1,234
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**36,097**	42,289
(c)	Borrowings (Other than debt securities)	21	**31,124**	12,688
(d)	Deposits	22	**1,206**	1,114
(e)	Other financial liabilities	23	**8,440**	4,859
			78,329	62,640
2	**Non-Financial Liabilities**			
(a)	Provisions	24	**1,299**	1,142
(b)	Deferred tax liabilities (Net)	25, 43	**11,594**	9,536
(c)	Other non-financial liabilities	26	**1,201**	2,223
			14,094	12,901
	TOTAL LIABILITIES		**92,423**	75,541
3	**EQUITY**			
(a)	Equity share capital	27	**971**	971
(b)	Other equity	28	**1,02,281**	1,35,598
	Equity attributable to owners of the Company		**1,03,252**	1,36,569
	Non-controlling Interest		**35,189**	32,038
	Total Equity		**1,38,441**	1,68,607
	TOTAL LIABILITIES AND EQUITY		**2,30,864**	2,44,148

Notes forming part of the Financial Statements: Note No. 1 to 54

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

Ashwini Mali
Company Secretary
ACS 19944

Umesh Shastry
Chief Financial Officer
ACA 043136
Pune: 22 June 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Note No.	Year ended 31 March 2020	Year ended 31 March 2019
1	**Revenue from Operations**			
(a)	Interest income	29	**263**	310
(b)	Dividend income		**2,715**	2,161
(c)	Net gain on fair value changes	30	**303**	341
(d)	Revenue from sale of products	31	**1,85,317**	2,16,214
	Total Revenue from Operations		**1,88,598**	2,19,026
2	**Other Income**	**32**	**4,407**	3,640
3	**Total Income**		**1,93,005**	2,22,666
4	**Expenses**			
(a)	Finance costs	33	**1,860**	1,799
(b)	Cost of material consumed	34	**1,13,140**	1,34,478
(c)	Purchases of Stock-in-Trade		**-**	1,397
(d)	Changes in inventories of finished goods, work-in-progress and by-product	35	**167**	(859)
(e)	Impairment on financial instruments	36	**(9)**	(71)
(f)	Employee benefit expenses	37	**10,135**	10,000
(g)	Depreciation and amortisation expense	38	**6,046**	5,676
(h)	Corporate social responsibility expense	39	**270**	247
(i)	Operating and other expenses	40	**41,405**	51,236
5	**Total Expenses**		**1,73,014**	2,03,903
6	**Profit before tax**		**19,991**	18,763
7	**Tax expense**	**43**		
	- Current tax		**3,364**	4,345
	- Short / (Excess) provision of earlier years		**(568)**	(35)
	- Deferred tax		**2,132**	1,279
8	**Total tax expenses**		**4,928**	5,589
9	**Profit for the year**		**15,063**	13,174
10	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	a) Gain / (loss) on remeasurements of defined benefit plan		**(221)**	32
	b) Gain / (loss) on fair valuation of quoted investments in equity shares		**(39,617)**	(49,282)
	c) Income tax expenses / (reversal) relating to items that will not be reclassified to profit or loss		**(74)**	11
11	**Other Comprehensive Income**		**(39,764)**	(49,261)
12	**Total Comprehensive Income for the year**		**(24,701)**	(36,087)
	Profit attributable to:			
	- Owners of the Company		**9,589**	8,408
	- Non-controlling interest		**5,474**	4,766
	Other Comprehensive Income attributable to:			
	- Owners of the Company		**(39,703)**	(49,274)
	- Non-controlling interest		**(61)**	13
	Total Comprehensive Income attributable to:			
	- Owners of the Company		**(30,114)**	(40,866)
	- Non-controlling interest		**5,413**	4,779
13	**Earnings per equity share (for continuing operations)**			
	[Nominal value of share ₹ 10 (Previous Year ₹ 10)]			
	Basic (₹)	44	**98.77**	86.61
	Diluted (₹)		**98.68**	86.33
	Notes forming part of the Financial Statements: Note No. 1 to 54			

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
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Chief Financial Officer
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Pune: 22 June 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

A. Equity Share Capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	As at 31 March 2020		As at 31 March 2019	
	No.	₹ lakhs	No.	₹ lakhs
As at beginning of the year	**97,08,650**	**971**	97,08,650	971
Add: Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
As at end of the year	**97,08,650**	**971**	97,08,650	971

B. Other Equity

Particulars	Reserves and surplus-Attributable to owners of company						Non-Controlling Interest	Total
	General Reserve	Capital Reserve	Share Options Outstanding Account	Equity Instruments through Other Comprehensive Income	Surplus/ (Deficit) in the Statement of Profit and Loss	Share Application Money Pending Allotment		
As at 1 April 2018	33,548	4,284	564	86,263	53,278	-	28,765	2,06,702
Profit for the year	-	-	-	-	8,408	-	4,766	13,174
Employee Stock Options Expense	-	-	1,131	-	-	-	138	1,269
Adjustment on lapse of vested share options	-	-	(14)	-	14	-	-	-
Measurement of Investments at FVTOCI	-	-	-	(49,282)	-	-	-	(49,282)
Remeasurement of defined benefit plans (net of taxes)	-	-	-	-	7	-	13	20
Increase on exercise of ESOPS of Subsidiary	-	-	-	-	79	-	92	171
Transferred to non controling interest due to variations in holding of shares in subsidiary	-	-	-	-	(77)	-	77	-
Appropriations:								-
Transfer to general reserve	257	-	-	-	(257)	-	-	-
Final Dividend for the year 2017-18	-	-	-	-	(2,039)	-	(834)	(2,873)
Tax on Final Dividend for the year 2017-18	-	-	-	-	(420)	-	(171)	(591)
Interim Dividend for the year 2018-19	-	-	-	-	-	-	(670)	(670)
Tax on interim dividend for the year 2018-19	-	-	-	-	(146)	-	(138)	(284)
As at 31 March 2019	**33,805**	**4,284**	**1,681**	**36,981**	**58,847**	**-**	**32,038**	**1,67,636**
Profit for the year	-	-	-	-	9,589	-	5,474	15,063
Adjustment on lapse of vested share options	98	-	(98)	-	-	-	-	-
Employee Stock Options Expense	-	-	477	-	-	-	80	557
Measurement of Investments at FVTOCI	-	-	-	(39,617)	-	-	-	(39,617)
Adjustment on lapse of unvested share options	-	-	(113)	-	-	-	-	(113)
Remeasurement of defined benefit plans (net of taxes)	-	-	-	-	(86)	-	(61)	(147)
Increase on exercise of ESOPs of Subsidiary	-	-	-	-	39	-	47	86
Transferred to non controling interest due to variations in holding of shares in Subsidiary	-	-	-	-	(35)	-	35	-
Share application money received	-	-	-	-	-	4	3	7
Appropriations:						-		-
Transfer to general reserve	256	-	-	-	(256)	-	-	-
Final Dividend for year 2018-19	-	-	-	-	(2,039)	-	(670)	(2,709)
Interim Dividend for year 2019-20	-	-	-	-	(971)	-	(1,343)	(2,314)
Tax on Final Dividend for year 2018-19	-	-	-	-	(274)	-	(138)	(412)
Tax on interim dividend for the year 2018-19	-	-	-	-	(291)	-	(276)	(567)
As at 31 March 2020	**34,159**	**4,284**	**1,947**	**(2,636)**	**64,523**	**4**	**35,189**	**1,37,470**
Notes forming part of the Financial Statements: Note No. 1 to 54								

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

Ashwini Mali
Company Secretary
ACS 19944

Umesh Shastry
Chief Financial Officer
ACA 043136
Pune: 22 June 2020

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
A.	**Cash flow from operating activities**				
	Net Profit / (Loss) before tax		**19,991**		18,763
	Adjustments for:				
	Depreciation and amortisation expense on property, plant and equipment and intangiable assets	**6,046**		5,676	
	Unrealised Foreign exchange (Gain) / Loss	**884**		(496)	
	Stock option expense	**262**		652	
	Fair valuation of mutual funds	**(303)**		(341)	
	(Gain) / Loss on sale of property, plant and equipment (net)	**(130)**		81	
	Impairment on financial instruments	**(9)**		(71)	
	Interest income	**(263)**		(310)	
	Dividend income	**(2,715)**		(2,161)	
	Income from licensing of property	**(2,768)**		(3,054)	
	Provision no longer required written back	**(69)**		(161)	
	Fair value changes in derivative financial instrument	**(270)**		-	
	Finance Cost	**1,860**		1,799	
			2,525		1,614
	Operating profit / (loss) before working capital changes		**22,516**		20,377
	Changes in working capital:				
	(Increase) / Decrease in inventories	**983**		(2,907)	
	(Increase) / Decrease in trade receivables	**8,776**		(8,733)	
	(Increase) / Decrease in other bank balances	**(19)**		40	
	(Increase) / Decrease in other financial assets	**(225)**		429	
	(Increase) / Decrease in other non-financial assets	**(3,549)**		(2,746)	
	Increase / (Decrease) in other financial liabilities	**(54)**		948	
	Increase / (Decrease) in trade payables	**(6,748)**		8,325	
	Increase / (Decrease) in other non-financial liabilities	**(911)**		(2)	
	Increase / (Decrease) in provisions	**(85)**		223	
			(1,832)		(4,423)
	Cash generated from operations		**20,684**		15,954
	Net income tax (paid) / refunds		**(3,711)**		(4,704)
	Net cash flow from / (used in) operating activities		**16,973**		11,250
B.	**Cash flow from investing activities**				
	Purchase of property, plant and equipment (including capital work in progress)	**(32,232)**		(16,428)	
	Sale of property, plant and equipment and intangible assets (including capital work in progress)	**304**		19	
	Capital advances for purchase of property, plant and equipment	**-**		(16)	
	Maturity proceeds of / (investments in) of fixed deposits	**1,934**		472	
	Investment in equity instruments	**(69)**		(2)	
	Interest income	**312**		374	
	Dividend income	**2,715**		2,161	
	Security Deposits	**(20)**		(243)	
	Income from licensing of property	**2,653**		2,930	
	Purchase of investment property	**(27)**		(187)	
	Sales of Investment Property	**231**		146	
	Net cash flow from / (used in) investing activities		**(24,199)**		(10,774)
C.	**Cash flow from financing activities**				
	Other borrowing costs	**(21)**		(50)	
	Interest Paid	**(1,706)**		(1,596)	
	Proceeds from long term borrowings (net)	**17,524**		5,300	
	Proceeds / (Repayment) from short term borrowings	**912**		149	
	Increase / (Decrease) on issue of equity shares	**93**		170	
	Payment of Lease Liabilities	**(53)**		-	
	Dividend paid (including tax on distribution profits)	**(5,983)**		(4,407)	
	Net cash flow from / (used in) financing activities		**10,766**		(434)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		**3,540**		42
	Cash and cash equivalents at the beginning of the year		**299**		257
	Cash and cash equivalents at the end of the year (Refer Note No. 6)		**3,839**		299

Notes:

1 The above Cash- Flow Statement has been prepared under the indirect method setout in Indian Accounting Standard (Ind AS) -7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015.

2 Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.

3 All figures in brackets indicate outflow.

Notes Forming part of the Financial Statements : Note No. 1 to 54

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Mahesh Chhabria
Managing Director
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Partner
Membership Number: 113053
Pune: 22 June 2020

Ashwini Mali
Company Secretary
ACS 19944

Umesh Shastry
Chief Financial Officer
ACA 043136
Pune: 22 June 2020

NOTE 1 :

CORPORATE INFORMATION

Kirloskar Industries Limited ("the Company" / "Holding Company") is a public company incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India, namely the BSE Limited and the National Stock Exchange of India Limited.

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiary (together referred to as "the Group"). The Group is engaged in wind-power generation and manufacturing of iron castings.

The Consolidated Financial Statements of the Group for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 22 June 2020.

NOTE 2 :

BASIS OF PREPARATION

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013, ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act.

The Group has adopted Ind AS 116 'Leases' with the date of initial application being 1 April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Group has applied Ind AS 116 using the modified retrospective approach, under which there is no impact as at 1 April 2019, consequent to the transition and the comparative information has not been restated.

Except for the above, the group has consistently applied accounting policies while preparing these Consolidated Financial Statements.

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

Items	Measurement basis
Investment in equity instruments	Fair value through other comprehensive income
Investment in mutual funds and derivative instruments	Fair value through profit and loss
Share-based payment	Fair value

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. A change in the ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

Functional and presentation currency

The items included in the Financial Statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian rupee (₹) rounded off to nearest lakhs (unless otherwise stated), which is the Group's functional and presentation currency.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 3 :

SIGNIFICANT ACCOUNT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i. Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Contingent liability

The Group has received various orders and notices from different Government authorities and tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyses current information about these matters and discloses the information relating to contingent liability. In making the decision regarding the need for creating loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

ii. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

The fair value of financial instruments Is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer Note No. 4 (c) and Note No. 50.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Site restoration and decommissioning obligation

A provision is recognised when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The Group estimates the liability for decommission and restoration obligation using the best estimates available at each reporting date.

Defined benefit plans

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

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

Deferred tax

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

Share-Based Payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Estimation and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 4 :
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing its Consolidated Financial Statements:

a) Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiary as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee, (i.e, existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to subsidiary's Financial Statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The Financial Statements of the subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31.

In preparing the Consolidated Financial Statements, the Group has used the following key consolidation procedures:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the Holding Company's investment in the subsidiary and the Holding Company's portion of equity of the subsidiary.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group. Profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 - Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transaction

Name of the Company	Country of incorporation	Parent's ultimate holding as on 31.03.2020	Reporting date	Status
Kirloskar Ferrous Industries Limited	India	51.26%	31.03.2020	Subsidiary

b) Foreign currency transactions and balances

Transactions on foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transaction settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rate and the resultant exchange differences and recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

c) Fair value measurement

The Group measures financial instruments such as investments in equity shares, mutual funds, etc., at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole :

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Refer Note No. 50).
- Financial instruments (including those carried at amortised cost) (Refer Note No. 51).

d) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost net of accumulated depreciation and impairment losses, if any.

The cost comprises of the purchase price and directly attributable costs of bringing the asset to its working condition for the intended use. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, where the Group has such contractual obligation. Any trade discounts and rebates are deducted in arriving at the purchase price. Each part of item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the Balance Sheet date.

Borrowing costs attributable to construction or acquisition of a qualifying asset for the period upto the date, the asset is ready for its intended use are included in the cost of the asset to which they relate.

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

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

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Depreciation and Amortisation

(i) The Group 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:

Type of assets	Useful lives considered	Useful life as per Schedule II to the Companies Act, 2013	Justification for Deviation
Plant and Equipment's:			
a) Turbo Generator	20 years	40 years	Based on past history of usage and supported by Technical Evaluation Report
b) Plant and Equipment under Lease	5 Years	15 years	
c) Machinery Spares	2 to 10 years	15 years (general rate)	Based on past history of usage and supported by Technical Evaluation Report
d) Patterns	8 years	15 years (general rate)	
Office Equipments:			
Equipment installed at employee's residence	3 Years	5 years	As per the terms of Group's policy
Vehicles	5 years	6 to 8 years	As per the terms of Group's policy
Windmills	20 years	22 years	Technical Evaluation Report

(ii) Freehold land is not depreciated.

(iii) Dismantling and restoration costs of windmills are depreciated over remaining useful life of the windmill.

(iv) Leasehold improvements are amortised under straight line method over the lower of lease term and the useful life of such assets subject to maximum of 60 months.

(v) All items of property, plant and equipment individually costing ₹ 5,000 or less are fully depreciated in the year of installation.

(vi) Depreciation is recognised in the Statement of Profit and Loss from the month in which the asset is acquired while the depreciation on assets sold during the year is recognised in the Statement of Profit and Loss till the month prior to the month in which the asset is sold.

Disposals / derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

e) Intangible assets

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

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost comprising of the consideration paid for acquisition less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the Statement of Profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives, i.e., softwares are amortised on a straight-line basis over the period of expected future benefits i.e., over their estimated useful lives of six years. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and loss when the asset is derecognised.

f) Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are expensed in the period in which they are incurred.

g) Revenue recognitions

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

(i) Income from power generation is recognised on supply of power to the grid and recognised in accordance with the terms and conditions of the contract with the Open Access Consumer.

The unutilised units by the Open Access Consumer are initially recognised at a rate which is estimated on the basis of latest available rates as per MSEDCL circulars / orders. The same are subsequently billed upon determination of the billable rate / units after verification by MSEDCL in accordance with the rules and regulations. The difference between the initial accrual and final billing is adjusted with the revenue of the year in which the billing is done.

(ii) Income from the sale of Renewable Energy Certificates (RECs) is recognised on an accrual basis at the time when the contract to sale is entered.

(iii) Sales of iron castings is recognised when substantial control of the products has been transferred to the customer, being when the products are delivered to the customer or its authorised representative and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the sales order, net of the estimated discounts, rebates, returns and goods and service tax. The Company's obligation to provide a refund for defects in the products is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group does not have any payment terms exceeding one year for any contract. Accordingly, the group does not adjust any of the transaction prices of the time value of money.

(iv) Dividend is recognised as income when right to receive it is established.

(v) Interest on fixed deposits with banks, debentures, bonds, etc. is recognised on a time proportion basis taking into account the amount outstanding and rate applicable. In case of significant uncertainty of receiving interest, the same is not recognised though accrued and is recognised only when received.

Interest income from debt instruments is recognised using Effective Interest Rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instruments or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

(vi) Profit / Loss of the sale / redemption of investments is dealt with at the time of actual sale / redemption.

h) Expenditure on Corporate Social Responsibility (CSR Activities)

The expenditure on CSR Activities is recognised in the Statement of Profit and Loss upon utilisation by the trust / NGO to which the funding is made by the Group. The expenditure on CSR Activities conducted by the Group is recognised in the Statement of Profit and Loss, on an accrual basis as and when the activities are undertaken.

i) Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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Deferred tax

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

j) Investment property

As investment in land and / or buildings that are not intended to be occupied substantially for use by or in the operations of the Group, the same is classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortise the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II of the Act.

Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of derecognition.

k) Leases

Group as lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or otherwise. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. Such depreciation is recognised in the Statement of Profit and Loss except to the extent that it can be allocated to any property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. After the commencement date, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and re-measuring the carrying amount to reflect any reassessment or lease modifications. The lease liability is also re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The interest on the lease liability is recognised in the Statement of Profit and Loss except to the extent that it can be allocated to any property, plant and equipment.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than ₹ 5,000 in value). The Group recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the Statement of Profit and Loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

l) **Inventories**

- Raw materials are valued at lower of cost and net realisable value. Cost of raw material is determined on a weighted average basis.
- Work in process is valued at cost. Finished goods other than by-products are valued at lower of cost and net realisable value. Cost includes cost of raw material, conversion cost and other cost incurred in bringing the inventories to their present location and condition. Cost is arrived at by absorption cost method.
- By-products are valued at net realisable value.
- Renewable Energy Certificates (RECs) are recognised upon application for certification to the respective authorities till such units are sold and valued at lower of cost and net realizable value. Cost comprises of costs incurred for certification of RECs. Net realisable value of RECs is the estimated selling price in the ordinary course of business.
- 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.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

m) **Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

As impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

n) Provisions

A provision is recognised when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the Consolidated Financial Statements.

Contingent assets are not recognised in Financial Statements. However, contingent assets are disclosed where inflow of economic benefits are probable.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

p) Retirement and other employee benefits

a) Short-term Employee Benefits

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits and is required for the purpose of measurement of the obligations. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, bonus, short term compensated absences, awards, etc. and are recognised in the period in which the employee renders the related service.

b) Post-employment benefits

(i) Defined contribution plan

The eligible employees of the Group are entitled to receive benefits under the Provident Fund and Superannuation scheme, which are defined contribution plans. In case of Provident Fund, both the employee and the Group contribute monthly at a stipulated rate to the government Provident Fund, while in case of Superannuation, the Group contributes to Life Insurance Corporation of India at a stipulated rate. The Group has no liability for future Provident Fund or Superannuation benefits other than its annual contributions which are recognised as an expense in the year on an accrual basis.

The Group recognises contribution payable as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then the excess recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

(ii) Defined benefit plan

The Group operates a defined benefit plan for its employees, viz., gratuity. The present value of the obligation or asset 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. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

The net interest cost is calculated by applying the discount rate to the balance of the net defined benefit obligation. This cost is included in Finance Cost in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iii) **Other long-term employment benefits:**

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the Projected Unit Credit Method at the year end. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity.

q) Share based payments

Eligible employees of the Group receive remuneration in the form of Share-Based Payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Share-Based Payment ("SBP") reserves in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense / vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options including options in the subsidiary is reflected as additional share dilution in the computation of diluted earnings per share.

r) Financial instruments

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

a) Financial assets

Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
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For purposes of subsequent measurement, financial assets are classified in the following categories:

- Debt instruments at amortised cost.
- Debt instruments at Fair Value Through Profit or Loss (FVTPL).
- Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI).

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest income from these financial assets is included in finance income using the effective interest rate method.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group has made an irrevocable election to present subsequent changes in the fair value in the OCI. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group transfers the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss at each reporting date.

Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost.
- Trade receivables or any contractual right to receive cash or another financial asset.

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the Statement of Profit and Loss. The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Group does not have any Purchased or Originated Credit-Impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value net of, in the case of financial liabilities not classified as FVTPL, transaction costs that are attributable to the issue of the financial liability. Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated as such upon initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated as such upon initial recognition at the initial date of recognition if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risks are recognised in OCI. These gains / losses are not subsequently transferred to the Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

Financial liabilities at amortised cost

The Group generally classifies interest bearing borrowings as financial liabilities carried at amortised cost. After initial recognition, these instruments are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability (or a part of a financial liability) is derecognised from the Balance Sheet when, and only when, it is extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

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

c) **Contributed equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in other equity as a deduction, net of tax, from the proceeds.

s) **Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Group are segregated.

t) **Cash and cash equivalents**

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. In the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered as integral part of the Group's cash management.

u) **Dividend**

The Group recognises a liability to make cash distributions to the equity holders of the Group when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the provisions of the Act, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

v) **Earnings Per Share (EPS)**

Basic EPS is calculated by dividing the Group's earnings for the year attributable to ordinary equity shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. The earnings considered in ascertaining the Group's EPS comprise the net profit after tax attributable to equity shareholders. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares including the dilution on account of Stock Options of the subsidiary.

w) **Segment reporting**

i) **Identification of segment**

An operating segment is a component of a Company whose operating results are regularly reviewed by the Company's Chief Operating Decision Makers (CODMs) to make decisions about resource allocation and assess its performance and for which discrete financial information is available.

ii) **Allocation of income and direct expenses**

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment. Common allocable costs are allocated to each segment pro-rata on the basis of revenue of each segment to the total revenue of the Group. The remainder is considered as un-allocable expense.

iii) **Segment policies**

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole.

x) **Government Grant**

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

NOTE 5 :

RECENT ACCOUNTING PRONOUNCEMENTS

The Ministry of Corporate Affairs has not notified any new Indian Accounting Standard or amendment to the existing Indian Accounting Standard effective from 1 April 2020, which would impact the Financial Statement of the Company for financial year 2020-21.

	As at 31 March 2020	As at 31 March 2019

NOTE 6 :
CASH AND CASH EQUIVALENTS

Cash on hand	**2**	1
Balances with banks		
- On current accounts	**935**	123
- Fixed deposits having original maturity less than 3 months	**2,902**	175
Total	**3,839**	299

NOTE 7 :
BANK BALANCES OTHER THAN NOTE (6) ABOVE

Earmarked balances		
Unclaimed dividend accounts	**499**	425
Unclaimed fractional shareholdings account*	**-**	-
Other bank balances		
Margin money deposits	**1**	1
Deposits with banks	**83**	2,065
Total	**583**	2,491

* Amount of ₹ 3 lakhs from unclaimed fractional and entitlement was transferred to Investor Education and Protection Fund during the previous year

NOTE 8 :
DERIVATIVE FINANCIAL INSTRUMENTS

Derivative assets		
Foreign currency forward contract	**270**	-
Total	**270**	-

NOTE 9 :
RECEIVABLESS

Trade receivables		
- Unsecured, considered good	**29,259**	38,036
-Receivables which have significant increase in credit risk	**261**	270
Less : Allowance for bad and doubtful trade receivables	**(261)**	(270)
	-	-
- Unsecured, credit impaired	**-**	2
Less: Allowance for impairment loss	**-**	(2)
Total	**29,259**	38,036

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Face value (₹)	As at 31 March 2020		As at 31 March 2019	
			Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
NOTE 10 : INVESTMENTS						
(A)	**Measured at fair value through other comprehensive income**					
(i)	*(Quoted equity instruments, fully paid)*					
	Kirloskar Pneumatic Company Limited*	2	**64,22,990**	**6,066**	64,22,990	13,167
	Swaraj Engines Limited	10	**21,14,349**	**19,137**	21,14,349	29,788
	Kirloskar Brothers Limited	2	**1,89,88,038**	**16,482**	1,89,88,038	31,074
	Kirloskar Oil Engines Limited	2	**82,10,439**	**7,135**	82,10,439	14,405
	Cummins India Limited	2	**683**	**2**	683	5
				48,822		88,439
(ii)	*(Unquoted equity instruments, fully paid)*					
	S. L. Kirloskar CSR Foundation	10	**19,600**	**1**	19,600	1
	Kirloskar Management Services Private Limited	10	**6,62,500**	**67**	-	-
	Kirloskar Proprietary Limited	100	**1**	**-**	1	-
	The Mysore Kirloskar Limited (In liquidation)	10	**1,13,460**	**27**	1,13,460	27
	Less: Provision for impairment loss			**(27)**		(27)
				-		-
				68		1
	Sub-total (A)			**48,890**		88,440
(B)	**Measured at amortised cost**					
	(Unquoted debentures and bonds)					
	The Mysore Kirloskar Limited (In liquidation)					
	12.5% Secured Non Convertible Part "B" debentures of ₹ 44/- each	100	**30,000**	**13**	30,000	13
	Less: Provision for impairment loss			**(13)**		(13)
	Sub-total (B)			**-**		-
(C)	**Measured at fair value through profit and loss**					
	Investments in liquid mutual funds					
	DSP Blackrock Liquidity Fund- Reg(G)		**61,295**	**1,730**	61,295	1,630
	ICICI Prudential Liquid Plan (G)		**5,93,909**	**1,737**	5,93,909	1,635
	Nippon India Liquid Fund (G) (formerly known as Reliance Liquid- Treasury Plan (G))		**35,927**	**1,732**	35,927	1,631
	Sub-total (C)			**5,199**		4,896
	Total (A + B + C)			**54,089**		93,336

* During previous year, Kirloskar Pneumatic Company Limited had sub-divided 1 Equity Share of face value of ₹ 10/- per share, into 5 equity shares of face value of ₹ 2/- per share, with effect from 27 September 2018.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 11 :
OTHER FINANCIAL ASSETS

	As at 31 March 2020	As at 31 March 2019
Measured at amortised cost		
(Unsecured considered good, unless otherwise stated)		
Contract assets (Unbilled receivables)	44	14
Unsecured, credit impaired	39	39
Less: Allowance for impairment loss	(39)	(39)
	44	14
Security deposits	1,079	878
Loan to employees	39	39
Loan to Contractors	56	61
Other receivables	23	20
Other advances		
Unsecured, credit impaired	386	386
Less: Allowance for impairment loss	(386)	(386)
	-	-
Total	1,241	1,012

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
NOTE 12 : **INVENTORIES**		
Raw material at site	**4,656**	4,271
Raw material in transit	**9,675**	10,970
Work-in-progress *	**3,849**	3,733
Finished goods **	**895**	1,240
Stores and spares	**4,415**	4,321
By-products	**154**	92
Renewable Energy Certificates (RECs) and RECs under certification	**-**	-
[₹ 9,056 (Previous Year: ₹ NIL)]		
[Total REC units 1,168 (Previous Year: NIL); of which certified units are 528 and 640 units are under certification]		
Total	**23,644**	24,627
*** Details of Work-in-progress**		
a. Castings	**3,236**	2,923
b. Others	**613**	810
Total	**3,849**	3,733
**** Details of Finished Goods**		
a. Pig iron	**690**	393
b. Castings	**205**	847
Total	**895**	1,240

NOTE 13 :
CURRENT TAX ASSETS (NET)

	As at 31 March 2020	As at 31 March 2019
Advance Income Tax	**3,380**	2,465
(Net of provision for Income Tax ₹ 10,840 lakhs (Previous Year : ₹ 11,243 lakhs)		
Total	**3,380**	2,465

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 14 :
INVESTMENT PROPERTY

	As at 31 March 2020	As at 31 March 2019
Land (at cost)		
Balance as at the beginning of the year	15	15
Add: Additions during the year	-	-
Less: Sold during the year	-	-
Balance as at the end of the year (i)	15	15
Building (at cost less depreciation)		
(a) Gross block		
Balance as at the beginning of the year	2,740	1,360
Add: Additions during the year	27	187
Add: Transferred from property, plant and equipment	-	1,215
Less: Sold during the year	36	22
Balance as at the end of the year	2,731	2,740
(b) Accumulated depreciation		
Balance as at the beginning of the year	774	703
Add: Depreciation for the year	80	66
Add: Transferred from property, plant and equipment	-	10
Less: On disposals	10	5
Balance as at the end of the year	844	774
Net Block of building (ii) = (a) - (b)	1,887	1,966
Total investment property (i)+(ii)	1,902	1,981
Movement in fair value of Investment Property		
Fair value of assets as at the beginning of the year	73,476	72,274
Change in fair value	2,108	1,202
Fair value of assets as at the end of the year	75,584	73,476

Fair valuation methodology

The fair values of investment properties have been determined on the basis of valuation carried out by an independent valuer on a case to case basis. Valuation is based on government rates, market research, market trend and comparable values as considered appropriate.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 15 :
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Particulars	Tangible Assets (A)														Intangible Assets (B)			Total (B)	Total (A) + (B)
	Freehold land	Leasehold land **	Building	Plant and equipment				Furniture and Fixtures	Vehicles	Office Equipments	Computers and Peripherals	Electrical Installations	Leasehold improvement	Total of (A)	Mining rights	Computer Software	Right Of Use of assets - Land & Building**		
				Plant and equipments	Plant and equipments under lease	Wind power generators	Diesel Generator Set												
Gross Block																			
Balance as at 1 April 2018	527	442	22,103	76,916	7	2,714	9	370	735	567	331	7	-	1,04,728	11	1,023	-	1,034	1,05,762
- Additions	274	-	1,184	8,669	-	-	3	113	224	151	96	41	-	10,755	-	73	-	73	10,828
- (Disposals)	-	-	(20)	(482)	-	-	-	(28)	-	(1)	(9)	-	-	(540)	-	-	-	-	(540)
- Adjustments *	-	-	(1,215)	-	-	-	-	-	-	-	-	-	-	(1,215)	-	-	-	-	(1,215)
Balance as at 31 March 2019	**801**	**442**	**22,052**	**85,103**	**7**	**2,714**	**12**	**455**	**959**	**717**	**418**	**48**	**-**	**1,13,728**	**11**	**1,096**	**-**	**1,107**	**1,14,835**
- Additions	-	-	1,386	29,208	-	-	-	60	121	83	26	15	80	30,979	-	10	643	653	31,632
- (Disposals)	(2)	-	(24)	(1,136)	-	-	-	(12)	(137)	(30)	(19)	-	-	(1,360)	-	-	(77)	(77)	(1,437)
- Adjustments **	-	(442)	-	-	-	-	-	-	-	-	-	-	-	(442)	-	-	-	-	(442)
Balance as at 31 March 2020	799	-	23,414	1,13,175	7	2,714	12	503	943	770	425	63	80	1,42,905	11	1,106	566	1,683	1,44,588
Accumulated Depreciation																			
Balance as at 1 April 2018	-	-	7,053	35,583	2	2,234	5	199	260	370	205	4	-	45,915	11	626	-	637	46,552
- Depreciation charge for the year	-	-	739	4,334	-	55	1	43	137	116	49	4	-	5,478	-	132	-	132	5,610
- (Disposals)	-	-	(20)	(263)	-	-	-	(21)	-	(1)	(5)	-	-	(310)	-	-	-	-	(310)
- Adjustments *	-	-	(10)	-	-	-	-	-	-	-	-	-	-	(10)	-	-	-	-	(10)
Balance as at 31 March 2019	**-**	**-**	**7,762**	**39,654**	**2**	**2,289**	**6**	**221**	**397**	**485**	**249**	**8**	**-**	**51,073**	**11**	**758**	**-**	**769**	**51,842**
- Depreciation charge for the year	-	-	774	4,642	1	55	1	37	155	92	61	5	1	5,824	-	135	7	142	5,966
- (Disposals)	-	-	(15)	(801)	-	-	-	(12)	(107)	(30)	(17)	-	-	(982)	-	-	-	-	(982)
- Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	-	8,521	43,495	3	2,344	7	246	445	547	293	13	1	55,915	11	893	7	911	56,826
Net Block																			
Balance as at 31 March 2019	801	442	14,290	45,449	5	425	6	234	562	232	169	40	-	62,655	-	338	-	338	62,993
Balance as at 31 March 2020	799	-	14,893	69,680	4	370	5	257	498	223	132	50	79	86,990	-	213	559	772	87,762

* Adjustment of ₹ 1,215 in gross block and ₹ 10 lakhs in accumulated depreciation represent transfer to investment property consequent to letting out a part of the property.

** includes Right of Use Assets of ₹ 442 lakhs in respect of land on lease transferred from leasehold land on transition to Ind AS 116, "Leases", which is not subjected to amortisation in view of intention of exercise of purchase option at the end of lease tenure as per the lease agreement.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019

NOTE 16 :
CAPITAL WORK-IN-PROGRESS

Balance as at the beginning of the year	**5,673**	7,568
Add: Additions during the year	**38,875**	8,599
Less: Capitalised during the year	**30,767**	10,494
Balance as at the end of the year	**13,781**	5,673

NOTE 17 :
INTANGIBLE ASSETS UNDER DEVELOPMENT

Balance as at the beginning of the year	**542**	-
Add: Additions during the year	**134**	610
Less: Capitalised during the year	**10**	68
Balance as at the end of the year	**666**	542

NOTE 18 :
OTHER NON-FINANCIAL ASSETS

(Unsecured considered good, unless otherwise stated)		
Capital advances	**959**	4,972
Advance to suppliers	**1,739**	869
Prepaid expenses	**170**	131
Claims receivable		
Unsecured, credit impaired	**40**	40
Less : Allowance for impairment	**(40)**	(40)
	-	-
Balances with government authorities	**1,704**	612
Real estate project under devlopment	**5,873**	4,091
Others	**3**	18
Total	**10,448**	10,693

NOTE 19 :
DERIVATIVE FINANCIAL INSTRUMENTS

Derivative liabilities		
Foreign currency forward contract	**-**	456
Total	**-**	456

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 20 :
TRADE PAYABLE

	As at 31 March 2020	As at 31 March 2019
Trade Payables		
(i) Due to micro,small and medium enterprises	**1,462**	1,234
Total (i)	**1,462**	1,234
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	**15,404**	23,786
Others	**20,693**	18,503
Total (ii)	**36,097**	42,289

NOTE 21 :
BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at 31 March 2020	As at 31 March 2019
Measured at amortised cost		
From Bank		
Short term borrowings		
Secured		
- Term loans	**8,300**	1,000
- Cash credit	**-**	5,710
Unsecured		
- Working capital facility	**-**	678
- Term loans	**-**	-
Long term borrowings		
-Term Loan	**22,824**	5,300
Total	**31,124**	12,688

Security for Secured Loans :

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 45,000 lakhs (previous year ₹ 45,000 lakhs) 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.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

DETAILS OF UNSECURED TERM LOAN FROM BANKS

Name of bank	Loan availed	Interest rate per annum payable monthly	Tenure	Principal Repayment
BNP Paribas	1,500	8.75%	48 months	45 equal instalments of ₹ 100 lakhs from September 2018. Put and call option at the end of every 12 months from the date of first draw down of the facility, i.e., 19th June 2018. At every put and call option date interest rate will be reset.
BNP Paribas	3,000	8.75%	48 months	
Citi Bank	1,500	7.25%	2 years	Bullet repayment on 30th April 2020. Interest rate will be reset once in a year.
BNP Paribas	2,000	8.25%	48 months	Repayment in 39 monthly installments (i.e., 38 installment of ₹ 52 lakhs and last installment will be of ₹ 24 lakhs). Put and call option at the end of every 12 months from the date of first draw down of the facility i.e., 19th August 2019. At every put and call option date interest rate will be reset.
BNP Paribas	3,000	8.10%	48 months	Repayment in 40 monthly installments of ₹ 75 lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e., 31st October 2019. At every put and call option date interest rate will be reset.
HSBC	7,000	8.90%	60 months	Repayment in 51 monthly installments (i.e., 50 installment of ₹ 138 lakhs and last installment will be of ₹ 100 lakhs) Put and call option at the end of every 12 months from the date of first draw down of the facility i.e., 26th April 2019. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Ltd.	3,000	8.00%	60 months	Repayment in 51 monthly installments of ₹ 58.82 lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e., 5th November 2019. Interest rate will be reset on the sixteenth day of the every month.
Kotak Mahindra Bank Ltd.	4,000	8.00%	60 months	Repayment in 51 monthly installments of ₹ 78.43 lakhs. Put and call option at the end of every 12 month from the date of first draw down of the facility i.e., 27th March 2020. Interest rate will be reset on the sixteenth day of every month.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
NET DEBT POSITION		
Cash and bank balance		
Cash and cash equivalents	**3,839**	299
Borrowings	**(31,124)**	(12,688)
Net debt	**(27,285)**	(12,389)

	Cash and bank balance	Borrowings	Total
NET DEBT RECONCILIATION			
Net debt as at 1 April 2018	**257**	**(7,239)**	**(6,982)**
Cash flows	42		42
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1 April 2018	-	-	-
Interest accrued but not due as on 31 March 2019	-	1	1
Interest expense	-	(1,647)	(1,647)
Interest paid	-	1,646	1,646
(Borrowings) / Repayment (Net)- Short term	-	(149)	(149)
(Borrowings) / Repayment (Net)- Long term	-	(5,300)	(5,300)
Net debt as at 31 March 2019	**299**	**(12,688)**	**(12,389)**
Cash flows	3,540	-	3,540
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1 April 2019	-	1	1
Interest accrued but not due as on 31 March 2020	-	(1)	(1)
Interest expense	-	1,705	1,705
Interest paid		(1,705)	(1,705)
(Borrowings) / Repayment (Net)- Short term		(912)	(912)
(Borrowings) / Repayment (Net)- Long term	-	(17,524)	(17,524)
Net debt as at 31 March 2020	**3,839**	**(31,124)**	**(27,285)**

	As at 31 March 2020	As at 31 March 2019

NOTE 22 :
DEPOSITS

	As at 31 March 2020	As at 31 March 2019
Measured at amortised cost		
Other -Security deposits	**1,206**	1,114
Total	**1,206**	1,114

NOTE 23 :
OTHER FINANCIAL LIABILITIES

	As at 31 March 2020	As at 31 March 2019
Measured at amortised cost		
Investors Education and Protection Fund will be credited by the following amounts, as and when due:		
- Unclaimed equity dividend*	**499**	425
- Unclaimed fractional entitlement**	**-**	-
Creditors for capital goods	**5,127**	2,152
Employee benefits	**1,617**	1,546
Expenses and other payable	**899**	695
Commission payable to directors	**45**	37
Gratuity to be funded to LIC	**144**	4
Lease liability	**109**	-
Total	**8,440**	4,859

* Unclaimed equity dividend includes ₹ 0.12 lakhs (Previous Year: ₹ 0.09 lakhs); on 31 shares in abeyance on the directions of Special Court which will not be transferred to Investors Education and Protection Fund and also includes ₹ 12 lakhs where dividend warrants could not be dispatched due to COVID-19.

** Amount ₹ 3 lakhs from Unclaimed fractional entitlement was transferred to Investors Education and Protection Fund during the previous year.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
NOTE 24 :		
PROVISIONS		
Gratuity	**190**	84
Compensated absences	**812**	723
Decommissioning and restoration (Refer Note No. 48)	**192**	177
Expected sales return	**105**	158
Total	**1,299**	1,142
NOTE 25 :		
DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability (Net)	**11,594**	9,536
Total	**11,594**	9,536
NOTE 26 :		
OTHER NON-FINANCIAL LIABILITIES		
Taxes and duties	**316**	1,203
Advances from customers	**727**	749
License fees received in advance	**158**	271
Total	**1,201**	2,223

NOTE 27 :
EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and paid-up share capital and par value per share:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
AUTHORISED				
Equity Shares of ₹ 10/- each	**5,00,00,000**	**5,000**	5,00,00,000	5,000
ISSUED AND SUBSCRIBED				
Equity Shares of ₹ 10/- each	**97,08,650**	**971**	97,08,650	971
CALLED UP AND PAID UP				
Equity Shares of ₹ 10/- each fully paid up	**97,08,619**	**971**	97,08,619	971
SHARE CAPITAL SUSPENSE ACCOUNT*	**31**	**-**	31	-
Equity Shares of ₹ 10/- each fully paid up				
Total	**97,08,650**	**971**	97,08,650	971

* 31 (Previous Year: 31) Equity Shares of ₹ 10/- each aggregating to ₹ 310/- to be issued to shareholders of erstwhile Shivaji Works Limited on amalgamation as per scheme sanctioned by Board for Industrial and Financial Reconstruction, are kept in abeyance on the directions of Special Court.

(b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	**97,08,650**	**971**	97,08,650	971
Add: Shares Issued during the year	**-**	**-**	-	-
Less: Shares bought back during the year	**-**	**-**	-	-
Shares outstanding at the end of the year	**97,08,650**	**971**	97,08,650	971

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

(c) Equity shares in the Company held by each shareholder holding more than 5% shares:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	% of holding	Number	% of holding
India Capital Fund Limited	**9,61,205**	**9.90%**	9,61,205	9.90%
Mr. Atul Chandrakant Kirloskar #	**16,35,300**	**16.84%**	16,35,300	16.84%
Mr. Rahul Chandrakant Kirloskar # #	**16,21,688**	**16.70%**	16,21,688	16.70%
Mrs. Arti Atul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%
Mrs. Jyotsna Gautam Kulkarni	**11,78,592**	**12.14%**	11,78,592	12.14%
Mr. Nihal Gautam Kulkarni	**5,89,296**	**6.07%**	5,89,296	6.07%
Mr. Ambar Gautam Kulkarni	**5,89,296**	**6.07%**	5,89,296	6.07%
Mrs. Alpana Rahul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%

Out of these, 16,35,275 (Previous Year: 16,35,275) equity shares are held in the individual capacity and 25 (Previous Year: 25) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

Out of these, 16,21,459 (Previous Year: 16,21,459) equity shares are held in the individual capacity and 229 (Previous Year: 229) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

(D) Details of allotment of shares for consideration other than cash, allotments of bonus shares and shares bought back:

Particulars	Financial year (Aggregate no. of shares)				
	2019-20	2018-19	2017-18	2016-17	2015-16
Equity Shares :					
Fully paid up by way of bonus shares	**-**	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	**-**	-	-	-	-
Shares bought back	**-**	-	-	-	-

(e) Each holder of equity share is entitled to one vote per share and to receive interim / final dividend as and when declared by the Board of Directors / at the Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
NOTE 28 : OTHER EQUITY		
(a) **General reserve :**		
Balance as at the beginning of the year	**33,805**	33,548
Add: Transfer from surplus of Profit and Loss	**256**	257
Add : Forfeited Employee Stock Options	**98**	-
Balance as at the end of the year	**34,159**	33,805
(b) **Capital reserve :**		
Balance as at the beginning of the year	**4,284**	4,284
Add : Increase / (decrease) during the year	**-**	-
Balance as at the end of the year	**4,284**	4,284
(c) **Share options outstanding account :**		
Balance as at the beginning of the year	**1,681**	564
Employee Stock Options Expense	**477**	1,131
Less: Adjustment of employee benefit cost on lapse of unvested share options	**(113)**	(14)
Less : Adjustment on lapse of vested share options transferred to General Reserve	**(98)**	-
Balance as at the end of the year	**1,947**	1,681
(d) **Equity instruments through other comprehensive income :**		
Balance as at the beginning of the year	**36,981**	86,263
Measurement of investments at FVTOCI	**(39,617)**	(49,282)
Balance as at the end of the year	**(2,636)**	36,981
(e) **Surplus / (Deficit) in the Statement of Profit and Loss :**		
Balance as at the beginning of the year	**58,847**	53,278
Add: Net Profit transferred from the Statement of Profit and Loss	**9,589**	8,408
Add: Adjustment on lapse of share options	**-**	14
Add/(Less): Remeasurement of defined benefit plans (net of taxes)	**(86)**	7
Add : Increase on exercise of ESOPs of subsidiary	**39**	79
Less : Transferred to Non Controlling Interest due variations in holding of shares in subsidiary	**(35)**	(77)
Amount available for appropriation	**68,354**	61,709
Less: Appropriations:		
Transfer to general reserve	**256**	257
Final Dividend for F.Y. 2018-19 (2017-18)	**2,039**	2,039
Interim Dividend for F.Y. 2019-20 (2018-19)	**971**	-
Tax on Final Dividend for F.Y. 2018-19 (2017-18)	**274**	420
Tax on Interim Dividend for F.Y. 2019-20 (2018-19)	**291**	146
Net surplus in the Statement of Profit and Loss	**64,523**	58,847
(f) **Share application money pending for allotment:**	**4**	-
Total	**1,02,281**	1,35,598

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTES

1) **General Reserve:**

General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

2) **Capital Reserve:**

If the value of investment in subsidiary is less than the book value of the net assets acquired, the difference respresents Capital Reserve.

3) **Share options outstanding account:**

The share option outstanding account is used to recognise the fair value of options to the employees under the employee stock option plan of the Group, which are unvested or unexercised as on the reporting date.

4) **Equity instruments through Other Comprehensive Income:**

This reserve represents the cumulative gains and losses arising on the fair valuation of equity instruments measured through other comprehensive income, net of amounts reclassified to retained earnings when these equity instruments are disposed off.

5) **Surplus / (Deficit) in the Statement of Profit and Loss:**

This comprise of the undistributed profit after taxes.

	Year ended 31 March 2020	Year ended 31 March 2019
NOTE 29 : INTEREST INCOME		
- On financial assets measured at amortised cost		
-On deposits with banks	**141**	213
-Other	**122**	97
Total	**263**	310
NOTE 30 : NET GAIN ON FAIR VALUE CHANGES		
- On financial instruments measured at fair value through profit and loss		
Investments in mutual funds	**303**	341
Total	**303**	341

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 31 :
REVENUE FROM SALE OF PRODUCTS

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products		
Pig Iron	**1,07,000**	1,17,572
Castings	**73,421**	92,311
By-products	**2,737**	3,102
Sale of wind power	**326**	299
Sale of renewable energy credit	**25**	-
Total (a)	**1,83,509**	2,13,284
Other Operating Income		
Export Incentive	**-**	3
Scrap / Miscellaneous sales	**1,808**	2,927
Total (b)	**1,808**	2,930
Total (a) + (b)	**1,85,317**	2,16,214

NOTE 32 :
OTHER INCOME

	Year ended 31 March 2020	Year ended 31 March 2019
Property licensing fees	**2,768**	3,054
Incentive From Industrial Promotion Scheme	**1,318**	274
Gain on sale of investment property	**202**	129
Provisions no longer required written back	**71**	161
Net gain on sale of investments	**-**	1
Rental Income and equipment leasing charges	**28**	3
Miscellaneous income	**20**	18
Total	**4,407**	3,640

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 33 :
FINANCE COSTS

	Year ended 31 March 2020	Year ended 31 March 2019
On financial liabilities		
Interest Expenses	**1,441**	1,438
Interest on term loan	**264**	159
Unwinding of interest on security deposit	**108**	123
Other borrowing costs	**21**	50
On provisions		
Unwinding of interest on provision for decommissioning and restoration	**15**	14
Lease liability	**5**	-
Net Interest on net defined benefit liability	**6**	15
Total	**1,860**	1,799

NOTE 34 :
COST OF MATERIAL CONSUMED

	Year ended 31 March 2020	Year ended 31 March 2019
Stock at the beginning of the year	**15,241**	13,690
Add : Purchases	**1,12,230**	1,36,029
Less : Stock at the end of the year	**14,331**	15,241
Total	**1,13,140**	1,34,478

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019

NOTE 35 :
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT

	Year ended 31 March 2020	Year ended 31 March 2019
Inventory at the end of the year		
Finished goods	**895**	1,240
Work-in-progress	**3,849**	3,733
By-Products	**154**	92
Total	**4,898**	5,065
Inventory at the beginning of the year		
Finished goods	**1,240**	792
Work-in-progress	**3,733**	3,299
By-Products	**92**	115
Total	**5,065**	4,206
(Increase) / Decrease	**167**	(859)

NOTE 36 :
IMPAIRMENT ON FINANCIAL INSTRUMENTS

	Year ended 31 March 2020	Year ended 31 March 2019
- On financial instruments measured at amortised cost		
Expected Credit Loss on trade receivables and contract assets	**(9)**	(71)
Total	**(9)**	(71)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019

NOTE 37 :
EMPLOYEE BENEFIT EXPENSES

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and incentives	**8,320**	7,805
Contributions to Provident Fund, Superannuation and Labour Welfare Fund	**350**	334
Employees stock option expense	**260**	652
Gratuity	**196**	119
Staff welfare expenses	**990**	1,039
Others	**19**	51
Total	**10,135**	10,000

NOTE 38 :
DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31 March 2020	Year ended 31 March 2019
On property, plant and equipment (Refer Note No. 15)	**5,824**	5,478
On investment property (Refer Note No. 14)	**80**	66
On right of use of asset (Refer Note No. 15)	**7**	-
On intangible assets (Refer Note No. 15)	**135**	132
Total	**6,046**	5,676

NOTE 39 :
CORPORATE SOCIAL RESPONSIBILITY EXPENSE

	Year ended 31 March 2020	Year ended 31 March 2019
Construction / acquisition of any asset		
-Amount already incurred	**-**	8
-Amount yet to be incurred	**-**	-
On purposes other than above		
-Amount already incurred	**270**	239
-Amount yet to be incurred	**-**	-
Total	**270**	247

(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
NOTE 40 :		
OPERATING AND OTHER EXPENSES		
A. Operating expenses		
Consumption of Stores, Spares and Consumables	14,269	19,257
Power, fuel and water	10,932	14,701
Fettling and other manufacturing expenses	1,961	2,388
Repairs and maintenance		
- Machinery	1,271	1,953
- Buildings	215	209
Machinery hire charges	246	240
Operation and maintenance charges for windmills	122	129
Transmission and wheeling charges	6	-
Other open access charges	4	2
Renewable energy related expenses	1	-
Other Processing Expenses	1,373	1,508
Sub Total	30,400	40,387
B. Selling expenses		
Freight and forwarding expenses (Net)	6,133	5,913
Royalty	436	512
Advertisement	122	56
Other selling expenses	48	62
Sub Total	6,739	6,543
C. Other expenses		
Communication Expenses	52	65
Loss on sale / demolition / scrap of assets	72	210
Net loss on foreign currency transactions	992	794
Security expenses	315	265
Repairs and maintenance :		
-Property	115	25
-Other assets	150	175
Garden and site maintenance	72	52
Rent expense	67	71
Rates and taxes	257	473
Legal and professional fees	670	707
Commission to directors	124	115
Director sitting fees	83	68
Printing and stationery expenses	58	39
Postage and courier charges	4	7
Advertisement and publicity	6	11
Electricity charges	15	9
Travelling expenses	295	268
Insurance charges	102	77
Membership subscription	9	9
Bad Debt Written off	2	-
Miscellaneous expenses	758	821
Payment to auditors :		
(a) for audit	38	37
(b) for taxation matters	5	5
(c) for other services	5	3
Sub Total	4,266	4,306
Total	41,405	51,236

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 41:

DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE CARRIED OUT BY THE GROUP

(For unit situated at Bevinahalli village, Koppal incurred are given below)

	Year ended 31 March 2020	Year ended 31 March 2019
a. Revenue expenses		
Cost of materials / consumables / spares	1	1
Employee related expense	313	303
Other expense	1	3
Total	315	307
b. Capital expenditure		
Plant and machinery	-	897
Building	-	56
Computers	-	11
Office equipment	-	4
Furniture and fixtures	-	10
Intangible assets	-	24
Total	-	1,002

Note 42 :

Notes on these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such Notes from the individual Financial Statements, which:

a) are necessary for presenting a true and fair view of the Consolidated Financial Statements,

b) the notes involving items, which are considered to be material.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

		Year ended 31 March 2020	Year ended 31 March 2019

NOTE 43 : INCOME TAXES

		Year ended 31 March 2020	Year ended 31 March 2019
(i)	**The major components of income tax expense are:**		
(a)	Statement of Profit and Loss section		
	Current income tax charge	**3,364**	4,345
	Short / (Excess) provision of earlier years	**(568)**	(35)
	Deferred tax	**2,132**	1,279
	Income tax expense reported in the Statement of Profit and Loss	**4,928**	5,589
(b)	**Statement of Other Comprehensive Income (OCI)**		
	Deferred tax (expense) / income on Remeasurements of defined benefit plan	**(74)**	11
	Income tax charged to OCI	**(74)**	11
(ii)	**Reconciliation of tax expense and the accounting profit**		
	Accounting profit for the company before income tax	**19,991**	18,763
	Enacted tax rates in India	**25.17% and 34.944%**	29.12% and 34.944%
	Computed tax expense	**7,092**	6,781
	Add / (Less) Net Adjustment on account of:		
	Income from Dividend on equity shares exempt from tax	**(1,217)**	(1,092)
	Disallowances under Income Tax Act, 1961	**(321)**	380
	Tax of earlier years	**(568)**	(35)
	On account of deduction under tax holiday period and weighted deduction of research and development unit	**(483)**	(796)
	Other adjustments	**425**	351
	Total adjustments	**(2,164)**	(1,192)
	Income tax expense	**4,928**	5,589
	Effective tax rate	**24.65%**	29.79%

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

	Balance sheet		Statement of Profit and Loss	
	As at 31 March 2020	As at 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
(iii) Deferred tax relates to the following:				
Deferred tax assets				
Provision for Employee Benefits	**65**	38	**27**	10
Provision for expected credit loss	**102**	107	**(5)**	(18)
Provision for dismantling obligation	**48**	52	**(4)**	17
MAT credit entitlement	**50**	66	**(16)**	(41)
Disallowances under Section 43B of Income tax Act, 1961	**519**	450	**69**	41
Other temporary difference	**-**	-	**-**	(4)
Gross deferred tax assets	**784**	713	**71**	5
Deferred tax liabilities				
Property, plant and equipment	**12,178**	10,109	**2,069**	1,195
Fair valuation difference	**195**	138	**57**	100
Other temporary difference	**5**	2	**3**	-
Gross deferred tax liabilites	**12,378**	10,249	**2,129**	1,295
Deferred tax (assets) / liabilities (net)	**11,594**	9,536	**2,058**	1,290
Amount recognised in Statement of Profit and Loss			**2,132**	1,279
Amount recognised in Statement of Other Comprehensive Income			**(74)**	11

	Year ended 31 March 2020	Year ended 31 March 2019
Movement in current tax asset / current tax liabilities (net)		
Balance at the beginning of the period (Current tax asset (net))	**2,465**	2,071
Provision recognised during the year	**(2,796)**	(4,310)
Current tax paid for the year	**3,711**	4,704
Balance at the end of the period	**3,380**	2,465
Current tax assets	**14,220**	13,709
Current tax liabilities	**10,840**	11,243
Total (Net)	**3,380**	2,465

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 44 :
EARNING PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by adjusting profit or loss attributable to ordinary equity holders of the entity, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
Net profit after tax as per Statement of Profit and Loss		**15,063**	13,174
Less: Minority Interest		**5,474**	4,766
Net profit after tax and minority interest as per Statement of Profit and Loss	(A)	**9,589**	8,408
Weighted average number of equity shares in calculating basic EPS	(B)	**97,08,650**	97,08,650
Effect of dilution:			
Stock options granted under ESOP		**-**	16,503
Total number of diluted equity shares at the end of the year *	(C)	**97,08,650**	97,25,153
Adjustment to numerator on account of ESOP issued by subsidiary	(D)	**(9)**	(12)
Net profit after tax and minority interest for computing diluted EPS	(E) = (A) + (D)	**9,580**	8,396
Basic earnings per share of face value of ₹ 10 each (in ₹)	(A/B)	**98.77**	86.61
Diluted earnings per share of face value of ₹ 10 each (in ₹)	(E/C)	**98.68**	86.33

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these Financial Statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 45 :
CONTINGENT LIBILITIES AND CAPITAL COMMITMENTS

(a) CONTINGENT LIBILITIES

Particulars	As at 31 March 2020	As at 31 March 2019
a. Disputed demands		
-Central excise and customs	**78**	90
-Service tax	**348**	340
-Sales tax	**121**	121
-Income tax	**2,946**	3,972
b. Provident Fund matters	**186**	185
c. Conveyance deed charges in respect of property	**22**	22
d. Labour matters to the extent quantifiable	**42**	39
e. Bank guarantees	**1,542**	1,394

(b) CAPITAL COMMITMENTS

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**5,011**	**26,143**
Total	**5,011**	**26,143**

NOTE 46 :
BORROWING COST CAPITALISED

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Capitalised during the year	**921**	241
Total	**921**	241

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 47 :
SEGMENT REPORTING

Segment information based on Conslidated Finanalcial Statements, as requried by the Indian Accounting Standard 108 "Operating Segments" as prescribed under Section 133 of the Companies Act, 2013, is as follows:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Segment Revenue		
- Windpower generation	**353**	299
- Investments (Securities and Properties)	**6,131**	5,899
- Real Estate	**-**	-
- Iron Casting	**1,86,521**	2,16,468
Total	**1,93,005**	2,22,666
Less: Inter segment revenue	**-**	-
Net Sales	**1,93,005**	2,22,666
Segment Results		
Profit (+) / Loss (-) before tax and interest from each segment		
- Windpower generation	**104**	127
- Investments (Securities and Properties)	**4,547**	4,253
- Real Estate	**-**	-
- Iron Casting	**17,350**	16,336
Total Profit Before interest and Tax	**22,001**	20,716
- Finance cost	**(1,860)**	(1,799)
- Other Unallocable income / (expenditure) net off unallocable income / (expenditure)	**(150)**	(154)
Total Profit Before Tax	**19,991**	18,763
- Current tax	**3,364**	4,345
- Short / (Excess) provision of earlier years	**(568)**	(35)
- Deferred tax	**2,132**	1,279
Total Profit After Tax	**15,063**	13,174
Segment Assets		
- Windpower generation	**477**	502
- Investments (Securities and Properties)	**59,720**	97,817
- Real Estate	**5,960**	4,107
- Iron Casting	**1,61,817**	1,38,992
- Other un-allocated assets	**2,890**	2,730
Total Segment Assets	**2,30,864**	2,44,148
Segment Liabilities		
- Windpower generation	**223**	189
- Investments (Securities and Properties)	**2,134**	1,719
- Real Estate	**178**	239
- Iron Casting	**89,622**	73,184
- Other un-allocated liabilities	**266**	210
Total Segment Liabilities	**92,423**	75,541
Capital Employed		
(Segment assets - Segment liabilities)		
- Windpower generation	**254**	313
- Investments (Securities and Properties)	**57,586**	96,098
- Real Estate	**5,782**	3,868
- Iron Casting	**72,195**	65,808
- Unallocable corporate assets less liabilities	**2,624**	2,520
Less: Non Controlling Interest	**35,189**	32,038
Total capital employed	**1,03,252**	1,36,569

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period		
- Windpower generation	**10**	10
- Investments (Securities and Properties)	**240**	422
- Real Estate	**151**	-
- Iron Casting	**31,219**	10,326
- Unallocable corporate assets	**39**	257
Total Assets Acquired	**31,659**	11,015
Depreciation and **Amortisation**		
- Windpower generation	**58**	57
- Investments (Securities and Properties)	**143**	121
- Real Estate	**-**	-
- Iron Casting	**5,751**	5,420
- Unallocable corporate depreciation	**94**	78
Total Depreciation and Amortisation	**6,046**	5,676

Other Disclosures :

(i) The Company derives its entire income from India, (i.e., the country of domicile) and all non-current assets of the Company are located in India.

(ii) There is no inter-segment revenue during the year (Previous Year : Nil).

NOTE 48 :
PROVISIONS

The disclosure required by Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, is as follows:

Class of Provision	Casting rejections*	Provision for decommissioning and Restoration**
Opening balance as on 1 April 2019	158	177
Provisions for the year	105	15
Amounts used during the year	158	-
Closing balance as on 31 March 2020	105	192

* Nature of obligation: Provision for possible obligation towards outflow of resources on casting rejections. Expected timing of resulting outflow: Substantial costs will be incurred in the next financial year.

** Nature of obligation: Provision for possible obligation towards outflow related to decommissioning and restoration of windmills.
Expected timing of resulting outflow: Substantial costs will be incurred at the end of useful life of windmills.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 49 :
RELATED PARTY TRANSACTIONS

List of related parties as per the requirements of Ind AS 24 - Related party disclosures

Related parties, as defined under Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board of Directors. Disclosures of transactions with Related Parties are as under:

(a) Name of the related party and nature of related party relationships :

Name of Key Management Personnel	Designation	Relatives of Key Management Personnel and relationship
Kirloskar Industries Limited		
Mahesh Chhabria	Managing Director	None
Aditi Chirmule	Executive Director	None
Umesh Shastry (from 17 May 2019)	Chief Financial Officer	None
Ashwini Mali	Company Secretary	None
Jasvandi Deosthale (upto 16 May 2019)	Chief Financial Officer	None
Kirloskar Ferrous Industries Limited		
R.V. Gumaste	Managing Director	None
R.S. Srivatsan	Chief Financial Officer	None
C.S. Panicker (upto 14 December 2019)	Company Secretary	None
Mayuresh Gharpure (from 15 December 2019)	Company Secretary	None

(b) Related party transactions

Nature of transaction	Year	Key Management Personnel
Expenses rendering of services	**2019-2020**	**1,406**
	2018-2019	1,166
Dividend paid	**2019-2020**	**19**
	2018-2019	8

Outstanding as at 31 March

Payable	**2020**	**547**
	2019	525
Receivable	**2020**	**11**
	2019	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

Compensation of Key Management Personnel of the Company

Particulars	For the year ended 31 March	
	2020	**2019**
Short term employee benefits	**1,227**	1,007
Post employment benefits	**151**	67
Other long term benefits	**20**	23
Share based payments	**8**	69
Total	**1,406**	1,166

NOTE 50 :
FAIR VALUE MEASUREMENTS

Set out below is a comparison, by class, of the carrying amounts and Fair value of the Companys Financial instruments as of 31 March 2020

Particulars	Amortised cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	3,839	-	-	3,839	3,839
Bank balances other than above	583	-	-	583	583
Derivative financial instruments	-	270	-	270	270
Receivables					
(i) Trade receivables	29,259	-	-	29,259	29,259
Investments	-	5,199	48,890	54,089	54,089
Other financial assets	1,241	-	-	1,241	1,241
Total	**34,922**	**5,469**	**48,890**	**89,281**	**89,281**
Financial liabilities					
Trade payables	37,559	-	-	37,559	37,559
Borrowings (Other than debt securities)	31,124	-	-	31,124	31,124
Deposits	1,206	-	-	1,206	1,206
Other financial liabilities	8,440	-	-	8,440	8,440
Total	**78,329**	**-**	**-**	**78,329**	**78,329**

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Set out below is a comparison, by class, of the carrying amounts and the fair value of the Company's financial instruments as of 31 March 2019 :

Particulars	Amortised cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	299	-	-	299	299
Bank balances other than above	2,491	-	-	2,491	2,491
Receivables					
(i) Trade receivables	38,036	-	-	38,036	38,036
Investments	-	4,896	88,440	93,336	93,336
Other financial assets	1,012	-	-	1,012	1,012
Total	**41,838**	**4,896**	**88,440**	**1,35,174**	**1,35,174**
Financial liabilities					
Derivative financial instruments	-	456	-	456	456
Trade payables	43,523	-	-	43,523	43,523
Borrowings (Other than debt securities)	12,688	-	-	12,688	12,688
Deposits	1,114	-	-	1,114	1,114
Other financial liabilities	4,859	-	-	4,859	4,859
Total	**62,184**	**456**	**-**	**62,640**	**62,640**

Quantitative disclosures fair value measurement hierarchy for assets:

Particulars	Fair value measurement using			
	Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservgable inputs (Level 3)
Financial Asset / (Liability) measured at fair value through profit or loss / Other Comprehensive Income				
Date of Valuation				
As at 31 March 2020	54,359	54,089	270	-
As at 31 March 2019	92,880	93,336	(456)	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

The following methods and assumptions were used to estimate the fair values:

(i) The fair values of equity instruments and mutual funds are measured using Level 1 hierarchy and derivative assets / (liabilities) on account of forward exchange contract are measured using Level 2 hierarchy. There have been no transfers among Level 1, Level 2 and Level 3 during the year.

(ii) The management assessed that the fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables, deposits, loans and other financial assets and other financial liabilities approximate their carrying amounts.

(iii) The fair value of the quoted equity shares and mutual fund are based on the price quotations at reporting date.

(iv) The fair value of unquoted instruments - The company has not performed the fair valuation of its investments in unquoted secured non convertible debentures which are disclosed at amortised cost (Refer Note No. 10), since the same are fully impaired.

(v) Derivative financial assets / (liabilities) are valued based on inputs that are directly or indirectly observable in the market.

(vi) The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(vii) The fair value of other financial liabilities as well as other financial assets is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

NOTE 51 :
FINANCIAL RISK MANAGEMENT

The Group's activities exposes it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the Group manages the risk.

The Group has in place a mechainsm to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through risk mitigation actions on a continuing basis.

In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments such as forward foreign exchange contract, are entered to hedge the foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as a trading or speculative purposes.

(A) Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of the Company's investments measured at fair value through other comprehensive income and fair value through profit and loss exposes the Company to equity price risks. These investments are subject to changes in the market price of securities.

The fair value of Group's investment as at 31 March 2020 in quoted / unquoted equity securities was ₹ 48,890 lakhs and mutual funds was ₹ 5,199 lakhs (Previous Year : ₹ 88,440 lakhs quoted equity shares and ₹ 4,896 lakhs in mutual funds). The impact of change in equity price risk is as under:

	31 March 2020		31 March 2019	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Impact on Statement of Profit and Loss				
Mutual funds	**520**	**(520)**	490	(490)
Impact on Statement of Comprehensive Income				
Equity shares	**4,882**	**(4,882)**	8,844	(8,844)

(B) Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables).

I. Trade receivables

Credit risk is the risk that one party to the financial instrument will cause financial loss for the other party by failing to discharge an obligation. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly. The credit period offered to customers is 30 days from the date of invoice.

Ageing analysis of trade receivables / Unbilled receivables
For Kirloskar Industries Limited

Unbilled receivables	As at 31 March 2020	As at 31 March 2019
Not yet due to due upto 1 year	**44**	14
Overdue 1 year to 2 years	**-**	-
Overdue 2 years to 3 years	**-**	55
Overdue 3 years to 4 years	**39**	-
	83	69
Provision for expected credit loss	**39**	41
Net amount	**44**	28

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

For Kirloskar Ferrous Industries Limited

Trade receivables	As at 31 March 2020	As at 31 March 2019
Not yet due to due upto 1 year	**28,804**	37,904
Overdue 1 year to 3 years	**455**	118
Net amount	**29,259**	38,022

Movement of provision for expected credit loss:

Trade receivables	As at 31 March 2020	As at 31 March 2019
Opening provision for expected credit loss	**311**	382
Change during the year (Net)	**(11)**	(71)
Closing provision for expected credit loss	**300**	311

Credit risk on cash and cash equivalents and other bank balances is limited as the Group generally invests in banks and liquid mutual funds with high credit ratings.

(C) Liquialty risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The flexibility in funding requirements is met by ensuring by avaiblility of adequate inflows. The Group maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. The Group has access to banks, capital and money market across debt, equity and hybrids.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Particulars	On demand	Upto 1 year	More than 1 year upto 3 years	More than 3 years
As at 31 March 2020				
Trade payables	-	37,559	-	-
Borrowings (Other than debt securities)	-	15,351	11,053	4,720
Deposits*	7	57	1,313	-
Other financial liabilities	91	8,240	-	-
	98	**61,207**	**12,366**	**4,720**
As at 31 March 2019				
Trade payables	-	43,523	-	-
Borrowings (Other than debt securities)	-	8,588	3,900	200
Deposits*	-	82	1,310	-
Other financial liabilities	74	4,785	-	-
	74	**56,978**	**5,210**	**200**

* The discounted value of deposits as per Balance Sheet as at 31 March 2020 is ₹ 1,206 lakhs out of which are repayable on demand are ₹ 7 lakhs; upto 1 year is ₹ 54 lakhs; repayable after more than 1 year ₹ 1,145 lakhs; (Previous Year: ₹ 1,114 lakhs out of which repayable upto 1 year is ₹ 78 lakhs; repayable after more than 1 year ₹ 1,036 lakhs).

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of the Group's interest bearing financial instruments are as follows:

Particulars	31 March 2020	31 March 2019
Fixed rate borrowings		
Term loan from banks	**15,824**	5,300
Variable rate borrowings		
Term loan from banks	**7,000**	-
Loans repayable on demand	**8,300**	7,388
Total variable rate borrowings	**15,300**	7,388
Impact on profit before tax and pre-tax equity		
Increase by 50 basis points	(77)	(37)
Decrease by 50 basis points	77	37

b. Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Group transacts business in its functional currency i.e. Indian rupee and in different foreign currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, where revenue or expense is denominated in a foreign currency. The Group manages its foreign currency risk by hedging foreign currency payables using foreign currency forward contracts. The Group negotiates the terms of those foreign currency forward contracts to match the terms of the hedged exposure.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

Details of foregin currency exposure that are heldged by derivation instruments or other wise:

(Currency in lakhs)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Maturity Profile
Payables				
As at 31 March 2020	**USD**	**146**	**10,856**	**Within 6 Months**
	EURO	**-**	**-**	
As at 31 March 2019	USD	219	15,640	Within 6 Months
	EURO	7	581	

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

(Currency in lakhs)

Particulars	Currency	Amount in foreign currency	Amount Equivalent Indian currency
Payables			
As at 31 March 2020	**USD**	**108**	**8,165**
	EURO	**-**	**1**
As at 31 March 2019	USD	86	5,970
	EURO	1	44

Forign currency sensitivity on un hedged exposive :

Financial Year	Foreign currency	Change in foreign currency rates	Effect on profit before tax (₹ in lakhs)	Effect on pre-tax equity (₹ in lakhs)
For 31 March 2020	**USD**	**+5%**	**(408)**	**(408)**
		-5%	**408**	**408**
	EURO	**+5%**	**-**	**-**
		-5%	**-**	**-**
For 31 March 2019	USD	+5%	(298)	(298)
		-5%	298	298
	EURO	+5%	(2)	(2)
		-5%	2	2

c. Commodity price risk

Commodity price risk is a financial risk on the Group's financial performance which is affected by the fluctuating prices on account of global and regional supply / demand. Fluctuations in the prices of commodities mainly depend on market conditions.

The Group is subject to fluctuations in prices for the purchase of metallurgical coke, coking coal and iron ore which are the major input materials for production of pig iron. The Group procures the above referred materials at prevailing market prices.

Total exposure of the Group to commodities in INR:

Commodity	Unit of Measure-ment	Purchases		Trade Payables as on	
		2019-2020	2018-2019	31 March 2020	31 March 2019
Coke / coal	MT	**2,99,591**	3,17,960	**-**	-
	₹ Lakhs	**66,958**	80,320	**20,479**	22,534
Iron Ore	MT	**6,49,186**	6,72,554	**-**	-
	₹ Lakhs	**22,845**	24,578	**574**	315

Commodity	Unit of Measure-ment	Sales		Trade Payables as on	
		2019-2020	2018-2019	31 March 2020	31 March 2019
Pig Iron	MT	3,58,146	3,58,558	**-**	-
	₹ Lakhs	1,07,000	1,17,572	**11,611**	13,364

The Group has an elaborate control procedure for finalising the prices of commodities through approval process from designated officials. Every month the price trend of the materials, demand and supply position and market intelligence report are reviewed and strategy is adopted before finalising the next consignment/quantities for subsequent months.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020
(Amounts in Indian Rupees lakhs, unless otherwise stated)

The Commodity Price Risk is managed without any hedging of commodities by the group:

Financial Year	Commodity	Change in commodity prices	Effect on profit before tax (₹ in lakhs)	Effect on pre-tax equity (₹ in lakhs)
For 31 March 2020	**Coke / coal**	**+5%**	**(3,348)**	**(3,348)**
		-5%	**3,348**	**3,348**
	Iron Ore	**+5%**	**(1,142)**	**(1,142)**
		-5%	**1,142**	**1,142**
	Pig Iron	**+5%**	**5,350**	**5,350**
		-5%	**(5,350)**	**(5,350)**
For 31 March 2019	Coke / coal	+5%	(4,016)	(4,016)
		-5%	4,016	4,016
	Iron Ore	+5%	(1,229)	(1,229)
		-5%	1,229	1,229
	Pig Iron	+5%	5,879	5,879
		-5%	(5,879)	(5,879)

NOTE 52 :
CAPITAL MANAGEMENT

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares,etc.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 53 :
STATEMENT OF NET ASSETS, PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS AND NON CONTROLLING INTEREST AS ON 31 MARCH 2020

Name of the Entity	Net Assets, i.e. total assets minus total liabilities		Share in profits or loss		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit / loss	Amount	As % of Consolidated profit / loss	Amount	As % of Consolidated profit / loss	Amount
Parent - Kirloskar Industries Limited	47.85%	66,243	25.36%	3,820	99.68%	(39,639)	145.01%	(35,819)
Indian Subsidiary - Kirloskar Ferrous Industries Limited	26.73%	37,009	38.30%	5,769	0.16%	(64)	(23.10)%	5,705
Non Controlling Interest	25.42%	35,189	36.34%	5,474	0.15%	(61)	(21.91)%	5,413
Total	100%	1,38,441	100%	15,063	100%	(39,764)	100%	(24,701)

NOTE 54 :

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

As per our attached report of even date

For and on behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune: 22 June 2020

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Umesh Shastry
Chief Financial Officer
ACA 043136
Pune: 22 June 2020

Enriching Lives

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

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CIN : L70100PN1978PLC088972

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NOTICE

Notice is hereby given that the 26th Annual General Meeting ('AGM') of the Members of Kirloskar Industries Limited ('the Company') will be held on **Thursday, the 27th day of August 2020, at 11.30 a.m**. (IST) through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility, in compliance of provisions of the Companies Act, 2013, ('the Act') and Rules thereof read with the General Circular No. 14/2020 dated 8 April 2020; the General Circular No. 17/2020 dated 13 April 2020 and the General Circular No. 20/2020 dated 5 May 2020, issued by the Ministry of Corporate Affairs (hereinafter referred to as 'MCA Circulars') and the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020, (hereinafter referred to as 'SEBI Circular') to transact the businesses as mentioned below:

ORDINARY BUSINESS:

ITEM NO. 1:

To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the Financial Year ended 31 March 2020 and the Reports of the Board of Directors and Auditors thereon.

ITEM NO. 2:

To confirm Interim Dividend paid on equity shares as Final Dividend for the Financial Year ended 31 March 2020.

ITEM NO. 3:

To appoint a Director in place of Mr. Mahesh Chhabria (holding DIN 00166049), who retires by rotation and being eligible, offers himself for re-appointment.

ITEM NO. 4:

To appoint a Director in place of Mr. Nihal Kulkarni (holding DIN 01139147), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

ITEM NO. 5:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereunder and Regulation 16 (1) (b) and 25 (8) including such other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendment, modification(s) or re-enactment thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company, Mr. Tejas Deshpande (holding DIN 01942507), whose period of office is liable to expire on 27 August 2020 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 and Rules thereunder, proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of five consecutive years with effect from 28 August 2020."

ITEM NO. 6:

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and Rules made thereunder and Regulation 17 (1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendments, modification(s) or re-enactment thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company, the approval of the members be and is hereby accorded for the continuation of Directorship of Mr. Anil Alawani (holding DIN 00036153) who will attain the age of 75 years on 24 August 2020, as a 'Non-Executive, Non-Independent Director' of the Company, liable to retire by rotation."

ITEM NO. 7

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, and all other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 17 (6) (ca) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendments, modification(s) or re-enactment thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded for payment of remuneration, in the nature of commission or perquisite(s) arising as a result of exercise of vested Equity Settled Stock Appreciation Rights (ESARs) granted under the 'Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019' to Mr. Vinesh Kumar Jairath (holding DIN 00391684), Non-Executive Director of the Company, in excess of fifty percent of the total remuneration payable to all Non-Executive Directors of the Company for the Financial Year 2020-2021.

RESOLVED FURTHER THAT Mr. Mahesh Chhabria, Managing Director, Ms. Aditi Chirmule, Executive Director, Mr. Umesh Shastry, Chief Financial Officer and Mrs. Ashwini Mali, Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds and things which are necessary for the purpose of giving effect to this Resolution."

By Order of the Board of Directors

A.V.Mali

Place: Pune
Date: 22 June 2020

Ashwini Mali
Company Secretary

NOTES:

1. In view of massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed. In view of the same, the Ministry of Corporate Affairs allowed conducting Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and dispensed personal presence of the members at the meeting.

   The General Circular No. 14/2020 dated 8 April 2020; the General Circular No. 17/2020 dated 13 April 2020 and the General Circular No. 20/2020 dated 5 May 2020, issued by the Ministry of Corporate Affairs (hereinafter referred to as 'MCA Circulars') and the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020, (hereinafter referred to as 'SEBI Circular') have prescribed the procedure and manner of conducting the AGM through VC / OAVM. of conducting the Annual General Meeting through VC / OAVM. In terms of the said Circulars, the 26th AGM of the members of the Company will be held through VC / OAVM.

   For detailed procedure for participating in the AGM through VC / OAVM please refer point no. 26.

2. Pursuant to the provisions of the Companies Act, 2013, (the Act), a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company.

   Since the AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

3. Corporate Member(s) intending to appoint their authorised representative(s) to attend the AGM through VC / OAVM are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the AGM, pursuant to the provisions of Section 113 of the Act and Rules thereunder including amendments thereof, to the Scrutinizer by email at csmsp.office@gmail.com with a copy marked to evoting@nsdl.co.in.

4. The facility of participation at the AGM through VC / OAVM will be made available for 1000 members on first-come-first-served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors, etc., who are allowed to attend the AGM without the restriction on account of first-come-first-served basis.

5. VC / OAVM facility for the AGM will be made available on the date of AGM from 15 minutes before the scheduled time till end of 15 minutes after the scheduled time for 1,000 Members on first-come-first-served basis.

6. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act and Rules thereunder, including amendments thereof.

7. The Statement setting out the material facts pursuant to the provisions of Section 102 (1) of the Act and Rules thereunder, including amendments thereof, relating to the Ordinary Business Nos. 3 and 4 and Special Business Nos. 5 to 7 in the Notice and is annexed and forms part of this Notice.

8. Details pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), in respect of Directors seeking appointment / re-appointment at this AGM forms part of this Notice.

9. Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books of the Company will remain closed from Friday, 21 August 2020 to Thursday, 27 August 2020, (both days inclusive), for the purpose of AGM.

10. Pursuant to the provisions of Sections 124 and 125 of the Act and Rules thereunder, any money transferred to the Unpaid Dividend Account of a company, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF).

    Members are requested to send their claims to the Company and the Company's Registrar and Share Transfer Agent (R & T Agent), i.e., Link Intime India Private Limited, R & T Agent of the Company, if any, before the amount becomes due for transfer to the above Fund. Members are requested to encash the dividend warrant(s) immediately on the receipt by them.

    Members who have not yet encashed their dividend warrant(s) are requested to make their claims without any delay to the R & T Agent. Due dates for transfer of unclaimed dividend to the IEPF are as follows:

Financial Year	Date of Declaration	Date of Payment	Dividend Percentage (%)	Date On Which Dividend Will Become Part Of IEPF
2012-2013	08.08.2013	22.08.2013	40	09.09.2020
2013-2014	02.09.2014	16.09.2014	40	07.10.2021
2014-2015	28.08.2015	15.09.2015	200	02.10.2022
2015-2016	10.03.2016	30.03.2016	200	11.04.2023
2016-2017	28.08.2017	11.09.2017	200	28.09.2024
2017-2018	11.08.2018	14.08.2018	210	10.09.2025
2018-2019	08.08.2019	14.08.2019	210	10.09.2026
2019-2020	17.03.2020	30.03.2020	100	23.04.2027

    Pursuant to the provisions of Rule 5 of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the details of unclaimed dividend amounts as on the date of AGM, (i.e., 8 August 2019) have been filed in e-Form No. IEPF–2 with the Ministry of Corporate Affairs (MCA) and have been uploaded on the website of the Company, viz., www.kil.net.in.

    Further all the members who have not claimed or encashed their dividend in the last 7 consecutive years from the year 2012-13, are requested to claim the same by 8 September 2020. In case valid claim is not received by that date, the Company will proceed to transfer the respective shares to the IEPF Account in terms of the IEPF Rules. In this regard, the Company has individually informed the members concern and also published notice in the newspapers as per IEPF Rules. The details of such members and shares due for transfer are uploaded on the website of the Company, viz., www.kil.net.in.

Transfer of equity shares to the Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 and its amendments thereon, all shares in respect of which the dividend has not been paid or claimed for 7 consecutive years or more, are required to be transferred to IEPF.

Accordingly, during the Financial Year 2019-2020, the Company has transferred 6,841 number of equity shares of ₹ 10 each, to the IEPF by way of corporate action.

Member(s) can claim the unclaimed dividend and the shares transferred to the IEPF including all benefits accruing on such shares, if any, from IEPF Authority after following the procedure prescribed by the Rules.

11. **Register National Electronic Clearing Service (NECS) Mandate**

Regulation 12 and Schedule I of the Regulations including amendments thereunder requires all companies to use the facilities of electronic clearing services for payment of dividend. In order to get your dividend through electronic mode or NECS, members who are holding shares in physical form are requested to inform their bank account details such as the name of the bank, branch, address, account number, 9 digit MICR code, IFSC code and type of account i.e. Savings or Current or Cash Credit etc. to R & T Agent of the Company having its office at 'Akshay' Complex, Block No. 202, 2nd Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune – 411 001. (Ph. No. 020-26161629).

Members holding shares in dematerialised form are requested to inform their bank account particulars to their respective Depository Participant (DP) and not to the R & T Agent of the Company. Those Members who do not opt for NECS facility may inform only bank account number and bank name for printing the same on the dividend warrant to ensure safety.

As per SEBI vide circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20 April 2018, unpaid / unclaimed dividend will be processed through electronic mode only.

12. The payment of Interim Dividend for the Financial Year 2019-2020, as declared by the Board of Directors of the Company in its meeting held on 17 March 2020, is processed on 30 March 2020, for the members of the Company (holding equity shares as on 25 March 2020, the Record Date fixed for the purpose of said Interim Dividend) whose bank accounts details are registered with the Company or R & T Agent or DP as the case may be.

As per directives of the Central and State Government, the entire Country was under lock down from 24 March 2020, due to which Dividend Warrant(s) / Demand Draft(s) could not be printed and dispatched on 30 March 2020, to the members of the Company whose bank account details were not updated with the Company or the R & T Agent of the Company or DP as the case may be.

Due to the nationwide lockdown announced by the Government on account of the gravity of COVID-19, the Company could not dispatch Dividend Warrant(s) / Demand Draft(s) by post.

The communication in this regard was filed by the Company with BSE Limited and National Stock Exchange of India Limited on 30 March 2020.

Further with the partial lifting of lockdown and postal department commencing their operations, the Company is in process of dispatching Dividend Warrant(s) / Demand Draft(s) by post.

13. **Permanent Account Number (PAN)**

SEBI has mandated the submission of PAN by every participant in securities market. Members are requested to submit their PAN to their DPs (in case of shares held in dematerialised form) or to the Company / the R & T Agent (in case of shares held in physical form).

14. Members are requested to immediately notify the R & T Agent (DP in case of shares held in dematerialised form) of any change in their correspondence address or e-mail address.

15. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries by providing full name, DP ID and Client ID / Folio Number and Contact Number at e-mail of the Company, viz., investorrelations@kirloskar.com at least 7 days in advance of the date of the meeting so that the information can be made available at the time of the meeting.

16. **Dematerialisation of Shares**

Trading in the shares of the Company can be done in dematerialised form only. Members are requested to avail the facility of dematerialisation by opening Depository Accounts with the DPs of either National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL) and get the equity share certificates held by them dematerialised to ensure safe and speedy transaction in securities.

17. **Share Transfer permitted only in Demat**

SEBI has amended relevant provisions of the Regulations to disallow listed companies from accepting request for transfer of securities which are held in physical form, with effect from 1st April 2019. The members who continue to hold shares of listed companies in physical form even after this date, will not be able to lodge the share transfer request with the Company / R & T Agent of the Company. They will need to convert the shares to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form, will be accepted by the Company / the R & T Agent.

18. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.

19. Members having multiple folios are requested to intimate to the Company / R & T Agent such folios, to consolidate all shareholdings into one folio.

20. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2019-2020, is being sent only through electronic mode to those Members whose email addresses are registered with the Company / DPs. Members may note that the Notice and Annual Report 2019-2020 will also be available on the Company's website www.kil.net.in, on the websites of Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, and on the website of NSDL https://www.evoting.nsdl.com.

21. **Nomination**

Pursuant to the provisions of Section 72 of the Act read with the Companies (Share Capital and Debentures) Rules, 2014, members are entitled to make a nomination in respect of shares held by them in physical form. Members desirous of making a nomination are requested to send their requests in Form SH-13 in duplicate (which will be made available on request) to the R & T Agent of the Company.

22. **Register E-mail Address**

Members are requested to register their e-mail addresses with the Company / the R & T Agent in case of holding of shares in physical form and with the concerned DPs in case of shares held in dematerialised form. Due to outbreak of the COVID-19 pandemic and prolonged situation, the postal / courier services are hampered.

In order to receive the correspondence / dividend, if any, from the Company in a timely manner, Members are requested to register their e-mail addresses / Bank Account details, the details of which as under:

For shares held in Physical Form	Visit the link https://linkintime.co.in/emailreg/email_register.html > select the Company Name - Kirloskar Industries Limited and follow the registration process as guided therein. Members are requested to provide details such as Name, Folio Number, Share Certificate Number, PAN, Mobile Number and Email ID and also upload the image of Share Certificate / Aadhaar / valid Passport in PDF or JPEG format (up to 1MB) alongwith supporting documents. In case of any query, Member can contact the R & T Agent at telephone numbers +91 (020) 26160084 / 26161629 or send email to pune@linkintime.co.in. On submission of details, an One Time Password (OTP) will be received by the Member, which needs to be entered in the link for verification.
For shares held in Dematerialised Form	Kindly contact your Depository Participant (DP) for registration of updation of email address (es).

The Members (in case of holding shares in physical form) who have not updated their bank account details for receiving the dividend, if any, directly in their bank accounts through electronic mode, may update their bank account details through the aforesaid link by uploading the necessary documents. The Members (in case of holding shares in dematerialised form) are requested to contact DPs for updating bank account details.

23. **Inspection Documents:**

Electronic copy of relevant documents referred to in the Notice and Explanatory Statement will be made available through email for inspection by the Members. A Member is requested to send an email to investorrelations@kirloskar.com for the same.

Electronic copies of necessary statutory registers and auditors' reports / certificates will be available for inspection by the Members at the time of AGM.

24. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

25. NSDL will be providing facility for voting through remote e-Voting, for participation in the 26th AGM through VC / OAVM facility and e-voting during the 26th AGM.

26. **Instructions for e-voting and procedure for joining the AGM through VC / OVAM**

A. **Voting through electronic means (Remote e-voting / Venue e- voting)**

I. In compliance with provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time, Regulation 44 of the Regulations, including amendments thereunder and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, including amendments thereunder and MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 26th AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

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

III. **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:**

The remote e-voting period **begins on 24 August 2020 (9.00 a.m.) (IST) and ends on 26 August 2020 at (5.00 p.m.) (IST)**. During this period Members of the Company, holding shares either in physical form or in dematerialised form, as on the **Cut-Off Date** i.e., Thursday, **20th August 2020**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is casted by the member, the member shall not be allowed to change it subsequently.

A Member attending the AGM, who has not casted the vote by means of remote e-voting, shall be able to cast the vote at the AGM through e-voting.

A. Member whose e-mail IDs are registered with the Company / R & T Agent / DPs will receive an e-mail from NSDL informing them of their User-ID and Password. Once the Members receive the e-mail, he or she will need to go through the following steps to complete the remote e-voting process:

The way to vote electronically on NSDL e-voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?
1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' / Members' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

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

5. Your password details are given below:
   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      ii. If your email ID is not registered, then kindly follow procedure for procuring USER ID and password for e-voting and accessing the VC / OAVM facility at the AGM.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
   a) Click on **"Forgot User Details / Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) Click on **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of Kirloskar Industries Limited to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Step 3: How to access the VC / OAVM facility at the AGM?

Members are requested to follow the instructions given below to attend and view the live proceedings of the AGM:

1. Log on to the NSDL website at https://www.evoting.nsdl.com using your remote e-voting credentials.
2. After you have successfully logged into NSDL e-voting system, you will see the home page of e-voting. Click on "e-voting" and "Active e-voting cycles / VC or OAVM" EVEN of Kirloskar Industries Limited "113245" will be visible, click on "VC / OAVM" below the "Join General Meeting" tab.
3. Kindly note that a Member, who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password, may retrieve the same by following instructions provided in Step 1 above to avoid last minute rush. Further, a Member can also use the OTP based login for logging into the e-voting system of NSDL.
4. In case of any query relating to attending the AGM through VC / OAVM, kindly contact Ms. Sarita Mote, Assistant Manager, National Securities Depository Limited, 4th Floor, 'A' wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013.

   Email : evoting@nsdl.co.in / saritam@nsdl.co.in

   Telephone Nos. +91 (22) 2499 4545 or 1800-222-990

B. Process for those shareholders whose email ids are not registered with the Company / the R & T Agent / DPs for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., name of member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investorrelations@kirloskar.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investorrelations@kirloskar.com.
3. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.
4. Please follow all steps from Sr. No. III (A) above, to cast vote.

General Guidelines for shareholders

1 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. with attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csmsp.office@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password.

   In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to at evoting@nsdl.co.in

IV. INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

5. In case any Member casts the vote through e-voting to be conducted at the time of AGM in addition to the remote e-voting, the voting through remote e-voting shall be considered as final and vote casted through e-voting at the time of the AGM shall be considered as invalid.

B. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/ OAVM through the NSDL e-Voting system. Members may access the same at https://www.evoting.nsdl.com under Shareholders / Members login by using the remote e-voting credentials. The link for VC / OAVM will be available in

Shareholder / Members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

   Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and closed after 15 minutes from scheduled time for AGM (except for the members holding more than 2%).

5. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at amitv@nsdl.co.in / 022-24994360 or Mr. Sagar Ghosalkar, Assistant Manager - NSDL at sagar.ghosalkar@nsdl.co.in / 022-24994553.

6. Members who would like to ask questions during the 26th AGM with regard to the financial statements or any other matter to be placed at the 26th AGM, need to register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's email address investorrelations@kirloskar.com at least 4 days in advance before the start of the 26th AGM. Those members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the 26th AGM, depending upon the availability of time.

   For smooth conduct of proceedings of the AGM, Members may note that the Company reserves the right to restrict number of questions and speakers during the AGM depending upon availability of time.

27. If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for casting your vote.

28. 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).

29. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on **20 August 2020**.

30. Any person, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date, i.e., **20 August 2020**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or issuer or R & T Agent. 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 or call on toll free no. **1800-222-990.**

31. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the DPs as on the cut-off date, i.e., **20 August 2020** only shall be entitled to avail the facility of remote e-voting as well as e- voting at the AGM.

32. A person who is not a member as on the cut-off date should treat this notice for information purpose only.

33. Manasi Paradkar, Practising Company Secretary, Pune, (Membership No. FCS 5447 CP No. 4385) has been appointed as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.

34. 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 "e-voting facility availed from NSDL" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

35. The Scrutinizer shall after the conclusion of e-voting at the AGM, will unblock the votes cast through remote e-voting / e-voting at the time of AGM, not later than forty eight hours 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.

36. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kil.net.in and on the website of NSDL www.evoting.nsdl.com 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 Stock Exchanges, viz., BSE Limited and National Stock Exchange of India Limited.

By Order of the Board of Directors

A.V. Mali

Place: Pune
Date: 22 June 2020

Ashwini Mali
Company Secretary

ANNEXURE TO THE NOTICE

STATEMENT OF MATERIAL FACTS ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 36 (3) OF THE SECURITIES EXCHANGE BOARD OF INDIA (SEBI) (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

ITEM NO. 3 OF THE NOTICE:

Mr. Mahesh Chhabria (holding DIN 00166049) retires by rotation and being eligible, offers himself for re-appointment.

Mr. Mahesh Chhabria (Aged 56 years) is a dedicated, focused and accomplished professional with over 31 years of experience in the financial services industry. In these 31 years, he worked with investment banks, private equity funds and has been an independent director of several companies.

He has been appointed as the Managing Director of the Company since 4 July 2017, by the members in the Annual General Meeting held on 28 August 2017. Prior to this, he worked as a partner with Actis, where he was responsible for advising Actis Global LLP, a leading private equity fund in the emerging market space, to invest their money in growth capital and buy out businesses in India. Mr. Mahesh Chhabria previously worked at 3i India, where he was a partner in the firm's Growth Capital Group and the lead partner globally for the Healthcare sector, heading up and contributing to 3i investments in India and international markets. Before making the move to private equity in 2006, Mr. Mahesh Chhabria was co-head of investment banking at Enam, one of the leading domestic investment banks in India.

He is a regular Speaker at various industry forums and occasionally contribute to some Indian business publication.

He holds a Bachelor of Commerce from the University of Mumbai and is an Associate Member of the Institute of Chartered Accountants of India.

He is a relationship builder with strong communication and inter-personal skills, with an extensive network of contacts, associates and friends at all levels in the financial service sectors, corporates, professional, legal and accounting firms, media and select regulatory bodies.

Mr. Mahesh Chhabria shall continue to hold his office of Managing Director and the re-appointment as such director shall not be deemed to constitute a break in his office of Managing Director.

He is a member of the Risk Management Committee.

Mr. Mahesh Chhabria is also a Director in the following other companies:

Name of the Company	Board position held	Committee membership
Kirloskar Oil Engines Limited	Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee – Member
Kirloskar Ferrous Industries Limited	Director	-
Deepak Fertilizers and Petrochemicals Corporation Limited	Independent Director	1. Audit Committee – Chairman
Tube Investments of India Limited	Independent Director	1. Audit Committee – Member 2. Corporate Social Responsibility Committee – Member 3. Risk Management Committee – Member
Kirloskar Proprietary Limited	Director	1. Nomination and Remuneration Committee – Member
Arka Fincap Limited (Formerly known as Kirloskar Capital Limited)	Director	1. Audit Committee – Chairman 2. Nomination and Remuneration Committee – Member 3. Risk Management Committee – Member 4. Allotment Committee – Members 5. IT Strategy Committee – Member 6. Wholesale Lending Credit Committee – Member 7. Asset Liability Committee – Member
Enam Asset Management Company Private Limited	Independent Director	-
Sox Control Solutions Private Limited	Director	-
Wabco India Limited	Additional Independent Director	1. Audit Committee – Chairman 2. Independent Directors Committee (Constituted pursuant to the open offer) - Chairman

Mr. Mahesh Chhabria is holding 21,197 (0.22%) equity shares of the Company.

He attended all six meetings of the Board of Directors held during the Financial Year 2019-2020.

Save and except, Mr. Mahesh Chhabria and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

ITEM NO. 4 OF THE NOTICE:

Mr. Nihal Kulkarni (holding DIN 01139147) retires by rotation and being eligible, offers himself for re-appointment.

Mr. Nihal Kulkarni (Aged 39 years), A. B. in Economics from Brown University, USA, has over fifteen years of experience in the areas of finance and investments. Mr. Nihal Kulkarni has undergone extensive training with the Kirloskar Group, Toyota Motor Sales, USA and DSP Merrill Lynch. Mr. Nihal Kulkarni was the Managing Director of the Company from 23 October 2010 up to 25 January 2012. Mr. Nihal Kulkarni was the Managing Director of Kirloskar Oil Engines Limited (KOEL) during the period from 26 January 2012 to 28 April 2020. He continues as a Non-Executive Director of KOEL with effect from 29 April 2020. Mr. Nihal Kulkarni is the Chairman and Director of G. G. Dandekar Machine Works Limited.

He does not hold any committee position in the Company.

Mr. Nihal Kulkarni is also a Director in the following other companies:

Name of the Company	Board position held	Committee membership
Kirloskar Oil Engines Limited	Director	1. Corporate Social Responsibility Committee – Member
G. G. Dandekar Machine Works Limited	Director	2. Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee – Member
Kloudq Technologies Limited	Director	-
Achyut and Neeta Holdings and Finance Limited	Director	-
Navasasyam Dandekar Private Limited	Director	-
Arka Fincap Limited (Formerly known as Kirloskar Capital Limited)	Director	1. IT Strategy Committee – Member 2. Credit Committee – Member 3. Audit Committee – Member 4. Risk Management Committee – Member
Expert Quality Cloud Information Technology Private Limited	Director	-

Mr. Nihal Kulkarni is holding 5,89,296 (6.07%) equity shares of the Company.

He attended five meetings of the Board of Directors held during the Financial Year 2019-2020.

Save and except, Mr. Nihal Kulkarni and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

ITEM NO. 5 OF THE NOTICE:

The members of the Company in its meeting held on 28 August 2015, appointed Mr. Tejas Deshpande (holding DIN 01942507) as an Independent Director for a term of 5 years by the members of the Company. His term is valid up to 27 August 2020.

Mr. Tejas Deshpande is associated with the Company for over 5 years as a Board Member, he made significant contribution towards guiding the Company on various strategic, financial, legal, compliance and business issues and that the Company benefited immensely because of his vast experience.

The Board of Directors based on recommendation of the Nomination and Remuneration Committee and subject to the approval of the members of the Company, considered re-appointment of Mr. Tejas Deshpande as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from 28 August 2020, pursuant to the provisions of Section 149 of the Companies Act, 2013, (including other applicable provisions if any) and Rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder.

Mr. Tejas P. Deshpande (Aged 39 years) passed out of ILS, Law College, Pune and has been practicing law for the last 16 years. He predominantly has a litigation practice, in various courts, with focus on High Court, Mumbai and Supreme Court of India. He specializes in real estate, infrastructure and company law related cases.

Mr. Tejas P. Deshpande assisted in writing and researching book 'Kuler – Indian Contract Act' on Indian Contract Act published in 2003. He also assisted in researching book 'Pollock & Mulla – Indian Contract Act and Specified Relief Acts' which was edited and republished in 2004.

He is a member of the Audit and Risk Management Committee.

Mr. Tejas Deshpande is also a Director in the following other companies:

Name of the Company	Board position held	Committee membership
Valecha Engineering Limited	Additional Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee – Member 3. Stakeholders Relationship Committee – Member

Mr. Tejas Deshpande does not hold any equity shares of the Company.

He attended all six meetings of the Board of Directors held during the Financial Year 2019-2020.

He is not disqualified from being appointed as director in terms of Section 164 of the Companies Act, 2013, and Rules thereunder including amendments thereto and has given his consent to act as director.

The Company has also received declaration from Mr. Tejas Deshpande that he meets with the criteria of Independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013 and Rules thereunder and Regulation 16(1) (b) and 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereto.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Tejas Deshpande for the office of Director of the Company. The Board is of the opinion that Mr. Tejas Deshpande fulfills the conditions specified in the said Act and the Rules thereunder and also possess requisite expertise and experience (including the proficiency) and he is a person of high integrity and repute so as to enable the Board to discharge its functions and duties effectively and he is independent of the management.

The Board considers that his experience and expertise would be of immense benefit to the Company and it is desirable to avail services of Mr. Tejas Deshpande as an Independent Director for a second term of 5 (five) consecutive years with effect from 28 August 2020.

The draft letter for the re-appointment of Mr. Tejas Deshpande as an Independent Director setting out the terms and conditions is available for inspection by the members.

He is not related to any other Director or Key Managerial Personnel of the Company.

Save and except, Mr. Tejas Deshpande and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

In terms of Section 149 of the Companies Act, 2013, including Rules thereunder and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

ITEM NO. 6 OF THE NOTICE:

Pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and on recommendation of the Nomination and Remuneration Committee, the Board of Directors has considered and sought the approval of the Members by way of Special Resolution for the continuation of Directorship of Mr. Anil Alawani (holding DIN 00036153) as a Non-Executive Non-Independent Director of the Company, who will complete the age of seventy five years on 24 August 2020.

Mr. Anil Alawani (Aged 74 years) is a Chartered Accountant by profession and has been associated with the Kirloskar Group of Companies since 1977. Prior to his appointment as a Director in the Company, he was Director (Finance) of Kirloskar Oil Engines Limited. Besides his core area of finance and taxation, he has experience in import–export and labour matters. His abilities in corporate tax planning and finance have helped the Company immensely, in financial restructuring and tax benefits.

He was appointed as a Director of the Company on 21 January 2009.

He is a Member of the Audit Committee and the Nomination and Remuneration Committee. He is also a Chairman of the Stakeholders' Relationship Committee and the Corporate Social Responsibility Committee.

Mr. Anil Alawani is also a Director in the following other companies:

Name of the Company	Board position held	Committee membership
Kirloskar Ferrous Industries Limited	Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee – Member 3. Stakeholders' Relationship Committee – Member 4. Selection Panel - Member
Kirloskar Integrated Technologies Private Limited	Director	-
S.L. Kirloskar CSR Foundation	Director	-

Mr. Anil Alawani is holding 2,285 (0.02%) equity shares of the Company.

He attended all six meetings of the Board of Directors held during the Financial Year 2019-2020.

He is not related to any other Director or Key Managerial Personnel of the Company.

Save and except, Mr. Anil Alawani and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board of Directors is of the opinion that continuation of Directorship of Mr. Anil Alawani would be beneficial to the Company and recommends the Special Resolution set out at Item No. 6 of the Notice for the approval of the Members.

ITEM NO. 7 OF THE NOTICE:

The Nomination and Remuneration Committee (Committee) of the Company in its meeting held on 30 January 2020, has granted 33,000 Equity Settled Stock Appreciation Rights (ESARs) under the 'Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019' (KIL ESARP 2019) to Mr. Vinesh Kumar Jairath, Non-Executive Director of the Company, on the following terms and conditions:

<table>
<tr><th>Sr. No.</th><th>Description</th><th colspan="3">No. of ESARs</th></tr>
<tr><td rowspan="4">1</td><td rowspan="4">Vesting</td><td>Dates of vesting</td><td>ESAR due for vesting</td><td>Vesting condition(s)</td></tr>
<tr><td>At the end of 12 months from the date of grant i.e., on or after 30 January 2021.</td><td>50% of ESAR granted</td><td rowspan="3">· Your continued employment with the Company on relevant date of vesting; and
· Nomination and Remuneration Committee may specify certain performance criteria.</td></tr>
<tr><td>At the end of 24 months from the date of grant i.e., on or after 30 January 2022.</td><td>30% of ESAR granted</td></tr>
<tr><td>At the end of 36 months from the date of grant i.e., on or after 30 January 2023.</td><td>20% of ESAR granted</td></tr>
<tr><td>2</td><td colspan="4">Exercise Price - ₹ 500</td></tr>
<tr><td>3</td><td colspan="4">Exercise - The vested ESARs shall be exercisable within 5 years from the date of vesting of ESARs.</td></tr>
</table>

If Mr. Vinesh Kumar Jairath exercises all vested ESARs granted to him in different tranches at different points of time on or after 30 January 2021, it is likely to create a perquisite in the hands of Mr. Vinesh Kumar Jairath, to the extent of difference between the market price on the date of exercise and exercise price of the ESARs so vested during the Financial Year 2020-2021.

In case of exercise of vested ESARs by Mr. Vinesh Kumar Jairath, value of perquisite arising out of ESARs coupled with the commission paid to him as a Director for the Financial Year 2020-2021 may result in his remuneration exceeding 50% (fifty percent) of the total remuneration payable to all Non-Executive Directors of the Company.

It may be noted that pursuant to the provisions of Regulation 17(6) (ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of members is required in case the annual remuneration payable to a single Non-Executive Director exceeds 50% (Fifty percent) of the total remuneration payable to all Non-Executive Directors.

In view of the above, on the recommendations of the Committee, the Board of Directors of the Company in its meeting held on 22 June 2020, approved a proposal for seeking consent of the members for payment of remuneration to Mr. Vinesh Kumar Jairath, in the nature of commission or perquisites arising as a result of exercise of ESARs, which may exceed 50% (fifty percent) of the total remuneration payable to all Non-Executive Directors of the Company for the Financial Year 2020-2021.

Disclosure as required under Secretarial Standards - 2 is given below:

Name	**Mr. Vinesh Kumar Jairath**
DIN	00391684
Date of Birth	27 December 1958
Date of First Appointment on the Board	4 July 2017
Brief Resume, Age and Nature of Expertise in specific functional areas	Mr. Vinesh Kumar Jairath (Aged 61 years) joined Indian Administrative Service in 1982. He was a Member of Indian Administrative Services. He has a Masters in Development Economics from the University of Manchester, U.K. He holds Bachelor of Arts Degree in Public Administration and Bachelor of Laws Degree, both, from the Punjab University. He served as the Principal Secretary of Industries at Government of Maharashtra until 2008. He has over 25 years of experience in public administration, rural development, poverty alleviation, infrastructure planning and development and infrastructure financing, finance, industry, urban development, environmental management, while occupying various important positions in the Government of India and the State Government of Maharashtra. He had served as Joint Managing Director at Indiabulls Real Estate Limited from September 29, 2014 to October 02, 2015 and also as an Advisor on Indiabulls Real Estate Limited.
Shareholding in the Company either directly or in form of beneficial interest for any other person	None
Relationship with other Directors and KMP's	None
No. of Meetings of the Board attended during the year	Total six meetings held during the year. Mr. Vinesh Kumar Jairath attended all six meetings.

<table>
<tr><td rowspan="6">Directorships and Membership / Chairmanship of Committees of other companies</td><td>Name of the Company</td><td>Board position held</td><td>Committee membership</td></tr>
<tr><td>The Bombay Dyeing and Manufacturing Company Limited</td><td>Director</td><td>1. Audit Committee – Member
2. Nomination and Remuneration Committee – Chairman
3. Risk Management Committee – Chairman
4. Corporate Social Responsibility Committee – Member
5. Strategic Committee - Member</td></tr>
<tr><td>Wockhardt Limited</td><td>Director</td><td>1. Audit Committee – Member
2. Stakeholders’ Relationship Committee – Member
3. Capital Raising Committee - Member</td></tr>
<tr><td>Kirloskar Oil Engines Limited</td><td>Director</td><td>1. Audit Committee – Member</td></tr>
<tr><td>The Bombay Burmah Trading Corporation Limited</td><td>Director</td><td>1. Audit Committee – Member</td></tr>
<tr><td>Go Airlines (India) Limited</td><td>Director</td><td>1. Audit Committee – Member
2. Nomination and Remuneration Committee – Chairman
3. Risk Management Committee - Chairman</td></tr>
<tr><td>Remuneration sought to be paid</td><td colspan="3">As per the attached Resolution to be read along with Explanatory Statement.</td></tr>
<tr><td>Terms and conditions of appointment / re-appointment</td><td colspan="3">Not Applicable</td></tr>
</table>

Save and except, Mr. Vinesh Kumar Jairath and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the members.

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